

PATEL RETAIL LIMITED

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Thursday, June 11, 2026

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To, Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Scrip Code: 544487	To, The Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. Symbol: PATELRMART
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Subject: Transcript of "Q4 FY '26" Earnings Conference Call.

Respected Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 read with Para A and Part A of schedule III of the said regulations, please find enclosed the transcript of **Q4 FY '26 Earnings Conference Call** held on **June 08, 2026**.

The said Presentation will be simultaneously posted on the Company's website at <https://patelrpl.in/investor-relations/>

This for information, dissemination and record purpose.

**Yours Sincerely,
For Patel Retail Limited**

**Prasad Ramesh Khopkar
(Company Secretary)**

Enclosure: Transcript of Earnings Conference Call.



PATEL RETAIL LIMITED
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**“Patel Retail Limited
Q4 FY '26 Results Conference Call”**

June 08, 2026



PATEL RETAIL LIMITED
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Kirin Advisors



**MANAGEMENT: MR. DHANJI PATEL – CHAIRMAN AND MANAGING
DIRECTOR – PATEL RETAIL LIMITED
MR. RAHUL PATEL – CHIEF EXECUTIVE OFFICER –
PATEL RETAIL LIMITED
MR. HITESH SAWLANI – CHIEF FINANCIAL OFFICER –
PATEL RETAIL LIMITED**

**MODERATOR: MR. GANESH NALAWADE – KIRIN ADVISORS PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY '26 Results Conference Call for Patel Retail Limited, hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ganesh Nalawade with Kirin Advisors. Thank you, and over to you, sir.

Ganesh Nalawade: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Patel Retail Limited. From the management team, we have Mr. Dhanji Patel, Chairman and Managing Director; Mr. Rahul Patel, Chief Executive Officer; Mr. Hitesh Sawlani, Chief Financial Officer. With that, now I hand over the call to Mr. Rahul for the opening remarks. Over to you, sir.

Rahul Patel: Good afternoon, everyone. It gives me great pleasure to welcome you all to Patel Retail Limited's conference call. We will discuss the company's performance for the fourth quarter and full year ended March 31, 2026, but before I dwell into the financial numbers, let me take this opportunity on behalf of the management to extend our sincere gratitude to all our shareholders, investors, and stakeholders for their continued trust and support.

FY '26 has been a year of strong execution and steady progress for us, marked by consistent growth across our business segments, expansion of our retail footprints, and strengthening of our integrated operating model. We have continued to build on our foundation of over three decades, positioning ourselves as a scalable and value-driven retail and FMCG company.

Patel Retail Limited operates a well-integrated business model spanning retail and manufacturing and processing. From a single grocery store in 1990, we have grown into a trusted neighborhood retail chain serving customers across the Mumbai Metropolitan Region. As part of our continued growth journey, we launched our 50th store in Thakurli during Q4 FY '26, further strengthening our presence across high-density suburban and emerging markets within MMR.

Building on this momentum, we inaugurated our 51st store in Rasayani in April 2026, taking our retail network to 51 stores and over 2.29 lakh square feet of retail space. Additionally, we have received DGFT's authorization for wheat flour and related products, strengthening our export capabilities and enhancing our access to global markets.

Our cluster-based expansion model enables strong local market penetration, efficient supply chain management, and faster store-level profitability, while the manufacturing and processing segment supports margin stability through backward integration, efficient sourcing, and strong export capabilities. Our integrated facilities in Ambernath and Kutch, with a combined installed capacity of over 1.47 lakh metric tons per annum, plays a critical role in ensuring supply reliability and supporting both domestic and international operations.

Our private label portfolio -- Patel Fresh, Indian Chaska, Blue Nation, and Patel Essentials -- continues to gain strong traction and contributes meaningfully to our retail revenues. We remain

focused on increasing our share further as it plays a key role in enhancing margin, strengthening brand recall, and improving overall product mix.

Now turning to our financial performance for Q4 FY '26, we delivered a strong performance during Q4 FY '26 with total income increasing by 53.35% year-on-year to INR339.55 crores. EBITDA grew by 31.21% year-on-year to INR22.74 crores, while EBITDA margins stood at 6.70%. PAT increased by 39.07% year-on-year to INR9.98 crores with PAT margin at 2.94%, and EPS stood at 2.99, registering a growth of 3.82% year-on-year.

FY '26 was a landmark year for the company with total income crossing the INR1,000 crores mark and growing by 28.25% year-on-year to INR1,059.29 crore. EBITDA increased by 33.07% year-on-year to INR83.08 crores, with EBITDA margin improving by 28 bps to 7.84%. PAT grew by 54.48% year-on-year to INR39.05 crores, while PAT margin expanded by 63 bps to 3.69%.

Consequently, EPS stood at 13.03, reflecting a growth of 26.50% year-on-year. Also, we achieved a significant milestone in FY '26 with retail sales increasing by 16.33% year-on-year to INR429 crores and transaction value reaching a record 58 lakh bill cuts, representing a growth of 11.54% year-on-year.

These results highlight our consistent growth trajectory and demonstrate the strength and resilience of our integrated business model. Looking ahead, we remain focused on expanding our retail footprint with an aim to scale our store network beyond Thane and Raigad into western MMR suburbs and Pune, with a phased entry into other cities across Maharashtra and Western India. At the same time, we will continue to enhance capacity utilization across our Ambernath and Kutch processing units alongside investment in automation to improve productivity and cost efficiency.

In parallel, we are prioritizing the growth of private label, digital engagement, and exports to drive margin improvement and strengthen long-term brand equity. These initiatives, supported by prudent financial management, position us well for sustainable and profitable growth in coming years.

In closing, I would like to thank our team for their continued dedication and our customers for their trust in us. Our vision remains to build the leading regional value retail chain with national aspirations, anchored on affordability, accessibility, and trust. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Parag Dave with Dave Consultancy. Please go ahead.

Parag Dave: Hello, sir. Good afternoon. Sir, I have some couple of questions. Manufacturing and processing contributes a significant share of revenues. So, what is the current capacity utilization across your facilities?

Rahul Patel: Yes. So, current utilization, we have seen a growth of approximately 5%. Earlier, the capacity utilization falls somewhere around 45% to 48%. Now it is in between 50% to 55%, depending on different machineries and different units, but it has grown by 4% to 5%.

Parag Dave: Okay. So, exports are also now a span of 35 plus countries. So, can you highlight key geographies driving growth and margin profile versus domestic sales? Can you give the bifurcation as well?

Rahul Patel: Margin profiles, I would ask Mr. Hitesh Salwani to give you for different countries. But in general, we majorly export goods in Sri Lanka, Middle East, Europe, US, Canada, Australia, New Zealand, and across -- we are trying to tap into African markets now.

Parag Dave: Okay, okay. So, with that as well, even exposure to agri-commodities, how do you manage raw material price volatility and protect margins?

Rahul Patel: Right. So, we try to keep our base stock, which is minimum required quantity. In terms of spices, other goods we mainly buy as per requirement, but the key factor being, let's say, chili powder, chili, turmeric, coriander, cumin -- these are bases of any spices, right? And most of these commodities, they are sold only once a year, right?

So, we keep stock of them with minimum quantity based on the previous year and increasing the growth that we anticipate every year. That's how we calculate and we keep that inventory. Rest, if anything comes up, we manage it. We have enough gross margin to tackle 3% to 5% of raw materials that we keep. So, whenever even when we are do -- when we do calculations of any product, right, so we try to keep that 3% to 5% of commodity prices change in the margins.

Parag Dave: Okay, okay. So, do you also see, sir, any your private labels like Indian Chaska, Patel Fresh, evolving into broader FMCG play beyond your own retail network as well?

Rahul Patel: Right. So, Patel Fresh as of now, mainly we sell flour mill products under the name of Patel Fresh. With our other brand, Indian Chaska, besides from our store, we have aggressively started our distribution channel across six states now, mainly Maharashtra, Goa, Gujarat, UP, Jharkhand, Bihar.

Soon enough, we are going to start MP; we are already in the launching phase. We are also going to tap in the Delhi market. With that being said, we have only introduced our spice -- our powder spices now. Soon we would introduce few other categories in that brand name as well. And when it comes to Patel Fresh, we are focused on distributing that brand across export in export division, mainly Middle East or Australia or even islands for that matter, Mauritius, Fiji, and those islands as well.

Parag Dave: Okay, okay. That's great. But in the FMCG space only, I'm also looking to the wheat flour exports as well with the DGFT approval. Can you also give some timeline on what incremental revenue opportunity do you see over the next two to three years, sir?

Rahul Patel: Actually, yes. So, DGFT scheme is basically nothing but export of wheat flour, right? Due to extensive stock cultivated by farmers during the previous year and this year as well for wheat, right? That's why government has enhanced export operations. But again, we never know when government will take that away as well, right?

So, we always play it safe. We try to take licenses as per the required quantity. And when it comes to number, if government supports keep on growing the same way, we expect a huge difference in wheat exports. As well as, but on the flip side, while earlier how export operations used to happen was export against import, right?

Earlier we used to import wheat from other countries and then process and manufacture here and then send it to other nations. But since this DGFT have come, we have stopped importing wheat from there. So, coming back to again, I mean, the government rules and regulation are so uncertain that we are not relying 100% on DGFT and such schemes given by government, right? Because they have always been very uncertain about it.

Parag Dave: Okay, okay. Got it, sir. Yes. That's all from my side, sir. Thank you so much.

Rahul Patel: Yes. Thank you.

Moderator: The next question comes from the line of Aniket Madhwani with Steptrade Capital. Please go ahead.

Aniket Madhwani: Yes. So, my first question is, what is the same-store sales growth currently?

Rahul Patel: It's around 5%.

Aniket Madhwani: Around 5%?

Rahul Patel: Yes.

Aniket Madhwani: So, this has been a dip. I mean, previously we were maintaining around 8% to 10%. So, this has same-store sales dipped. So, could you just elaborate the major reasons for the same?

Rahul Patel: Major reasons, I would say, I mean, retail as a business is quite unpredictable, right? We are trying our best to do the same-store growth. With that being said, I mean, there is no, right, proper answer to it. I mean, 5% growth is good enough for mature store to have, right? DMart is doing 8% to 10% is what your question is, right?

Aniket Madhwani: Yes. I mean, previously they -- they were generating around 8% to 10%. So, if there is a dip from 8% to 10%, there should have been, you know, few reasons behind it.

Rahul Patel: There is no particular reason as such, right, as from 8% to 10% to 5%. We have always seen the growth of around 5% to 6%. Also, the category that we cater the most, right, I mean, most of our revenue come from the grocery and bulk business -- grocery and staple businesses, which contributes to around 68% to 70% of the revenue, right? In that terms, I mean, 5% year-on-year growth is a good number.

Aniket Madhwani: Okay. Okay. And what are your future expansion plan? I mean, what number of stores are you planning to add in current year? Yes. So, I just want to add in, in current year you have added only nine stores, right? Current financial year.

- Rahul Patel:** Yes. So, we plan on opening 8 to 10 stores every year. We plan on expanding to western suburban's as well as PCMC. That's what our future focus is going to be. And if with the right opportunity, we might start in Gujarat as well. We are in a phase of looking, right? We are in ramp-up mode.
- Aniket Madhwani:** Okay. Okay. And here I can see there is a significant increase in working capital, I mean, due to inventory build-up. So, if you could explain regarding that?
- Rahul Patel:** Yes. The significant increase in working capital is from our export division. If you would talk about our retail, I mean, Hitesh would be the better person to answer if you want to segregate the working capital between retail and export as well. Hitesh, can you please tell them?
- Hitesh Sawlani:** Yes. So, basically, the incremental in the working capital is on account of the deployment of the IPO funds. In the fiscal '26, we have successfully completed the IPO where we have deployed INR115 crores into working capital. So, majorly the current working capital investment into -- out of the IPO proceeds only.
- Aniket Madhwani:** Sorry, I couldn't get your point. I mean, due to IPO proceeds, the working capital has increased?
- Hitesh Sawlani:** Yes, because it was objective given in the prospectus, the funds are raised for the deployment into working capital objective.
- Aniket Madhwani:** I just wanted to understand about the inventory build-up. I mean, is it due to the unexecution of your export order? And secondly, what is your current outstanding export order, if you could just highlight on that?
- Hitesh Sawlani:** So, I cannot give you the roughly ballpark figure for the export orders. However, our nature of business is to -- the processing and the manufacturing of raw material. So, to meet the demand and to meet the orders, we are carrying the enough level of inventory.
- Aniket Madhwani:** Okay. Is it due to increase in, you know, your processing units? So, current capacity utilization is around 55%, right? For processing.
- Rahul Patel:** Yes. Around 50% to 55%. Yes.
- Aniket Madhwani:** So, this has to be due to -- I mean, this hasn't been as your peak utilization. So, this has to be due to, you know, less demand, I guess. Can you please repeat what you're trying to say? It's a little -- there is a distortion in your voice. Can you please?
- Moderator:** Aniket, please go ahead with your question.
- Aniket Madhwani:** Yes. Yes. So, I was just trying to correlate your sentences. I mean, your capacity utilization is around 55%, right?
- Moderator:** You're not audible, Aniket. I'm sorry to interrupt. Could you please use your phone on the handset mode in case if you're using it on hands-free?
- Aniket Madhwani:** Yes. Am I audible now?

- Moderator:** Yes.
- Aniket Madhwani:** Yes. So, I just wanted to understand your currently inventory build-up. I mean, so as you mentioned, it is due to the increase in demand in your processing segment, right?
- Rahul Patel:** 100%. That's one of the major factor. Also, because we try to maintain our export order book of approximately anytime like in between INR50 crores to INR100 crores, right? So, with that being said, all of these orders that you would see the increase in the value of inventory as such is mainly because our goods, they take a lot of time in transit as well, right? So, we try to pre-plan.
- Let's say that if a customer wants -- so we have already started with the Diwali preparation for our export markets, right? I mean, let's say a consumer wants XYZ commodity in exports and now is the right price, right? So, we try to get those goods as well. And plus, if you would see, we do a lot of mixed shipments as well, not a uniform product.
- Let's say now if we are doing spices, right, there are multiple commodity that goes into one container, right? So, by the time all the commodity arrives, we can't ship. So, that's another reason why you would see that gap in the inventory valuation as well.
- Aniket Madhwani:** Yes. Yes. So, just could you just mention your outstanding export order book as on date, I want? I want outstanding export order book?
- Rahul Patel:** Export, right? Hello?
- Aniket Madhwani:** Yes, yes. Export order book as on date.
- Rahul Patel:** Export order present day. I would have to check that data, how much is that.
- Hitesh Sawlani:** So, you mean to say the receivable as on balance sheet date against the export sale?
- Rahul Patel:** Export order data he is asking. Actually, this is not a buffer.
- Aniket Madhwani:** Yes, export order book as on date?
- Hitesh Sawlani:** So, Aniket, I would just request you to share your email ID. I will come back with the data and share with you.
- Aniket Madhwani:** Okay. So, you couldn't provide right now. Okay.
- Moderator:** Thank you. The next question comes from the line of Sakshi Shinde with Shah Consultancy. Please go ahead.
- Sakshi Shinde:** Hello. Sir, I have few questions with me today. So, we have reported a growth of around 54% in PAT growth, opposite a revenue growth of around 28%. Can you break down the contribution from gross margin expansion, operating leverage, and finance cost savings?

- Hitesh Sawlani:** Yes. So, on an average, the gross margin for the fiscal '26 is in the range of 15% to 16%. And out of 15% to 16%, we have a rent approximately 3%, and the employee cost is almost in the range of 4% to 5%.
- Sakshi Shinde:** Okay.
- Hitesh Sawlani:** And we have EBITDA of 7%. And the rest is the depreciation and the finance cost.
- Sakshi Shinde:** Also, sir, like despite strong growth, Q4 EBITDA margins declined year-on-year, if we see. Was this driven by higher discounting, store ramp-up cost, or input cost pressure?
- Hitesh Sawlani:** Yes. You will see that we have recently made the expansion in the retail store. So, retail store carry the initial cost, initial upfront cost. However, the revenue ramp-up gets generated over the quarters. So, in Q4, we have incurred the initial cost and the revenue is likely to be generated into fiscal '26-'27.
- Sakshi Shinde:** Also, the inventory levels have increased. How should we think about inventory turns and working capital intensity as the store network scales?
- Hitesh Sawlani:** So, roughly, we carry almost INR2,000 to INR2,500 per square foot at retail store level. And let's say we have 2,29,000 square foot, so we can simply take the approximate figure.
- Sakshi Shinde:** Also, if we see, finance costs have reduced post-IPO. What is the normalized cost of debt going forward and how much further deleveraging is possible, what do you think?
- Hitesh Sawlani:** So, we are looking forward even further deleveraging. We have already achieved the debt-equity ratio to 0.34 from 1.34 in the fiscal '26. And we are going to maintain the same or even the better ratios in coming fiscal.
- Sakshi Shinde:** Also, sir, if you can share, like, again, like operating cash flows despite profitability. What were you think, the reasons, like inventory build-up, receivables, or capital? And when me as an investor should expect the normalization?
- Sakshi Shinde:** Normalization with respect to?
- Sakshi Shinde:** Operating cash flow.
- Hitesh Sawlani:** So, we are likely to get better operating cash flow in this year since that was the last year when we initially deployed our funds into stocks. And now we are getting regularization of that inventory. So, in current fiscal, I think by H1 of fiscal '27, you will see the positive cash flow.
- Sakshi Shinde:** Okay. Fair enough. Good to hear. All the best. I look forward to the update. Thank you.
- Moderator:** The next question comes from the line of Majid Ahmed with PinPointX Capital. Please go ahead.
- Majid Ahmed:** Am I audible, sir?
- Moderator:** Yes, Majid.

- Rahul Patel:** Yes.
- Hitesh Sawlani:** Yes, sir. Yes, sir.
- Majid Ahmed:** Sir, I just want to understand the gross margin part. So, last year the same quarter we had around 20% gross margin and this time we have 14.5% gross margins. Just want to -- I'm excluding other income. So, going forward, what would be the gross margins and what has led to such dip in the margins? If you can give me a bifurcation between the B2B and B2C gross margins, that would be helpful.
- Hitesh Sawlani:** So, basically, we are going to maintain the gross margin...
- Moderator:** I'm sorry to interrupt, sir. You're not quite audible. Could you please come a little closer to your microphone?
- Hitesh Sawlani:** Is it better now?
- Moderator:** No, sir. There's a lot of disturbance.
- Hitesh Sawlani:** Is it audible now?
- Moderator:** Yes, sir. Better.
- Hitesh Sawlani:** Sure. So, we are going to have a same gross margin in the range of 15% to 20% going forward. And you can say that roughly we have a 16% GP, 16% to 17% GP into my B2B business, and in retail business, we have almost in the range of 14% to 15%.
- Majid Ahmed:** Got it, sir. Sir, going forward, how would the mix change, sir, in terms of gross margins for FY27?
- Hitesh Sawlani:** For FY27, you can say roughly 18% to 20% in my B2B and 15% to 16% into my retail.
- Majid Ahmed:** Okay, sir. Got it, sir. Sir, in the B2B segment, what about the value-added segment? Like we were looking for making tahini, noodles, and all that value-added segment. How that is going forward? What's the update on that, sir?
- Rahul Patel:** Right. So, we have introduced powder spices for now. In this month, we are going to start with whole spices. Moving forward, our next goal is to get into seasonings and then paste, like ginger-garlic paste and puree and all of those. And once we have set distribution and gotten the distribution leverage from this, we would introduce snacks as well as wheat products, the noodles or millet noodles, pastas or pizza doughs or dough flour, things like that.
- Majid Ahmed:** Got it, sir. Like can you give a timeline as well as to how much contribution would it come going forward, sir? That would be helpful.
- Rahul Patel:** Timeline it is tough to give, right? Because we are aggressively right now working on setting up the distribution channel in not only in the sense of going wide, but also in the sense of going

deep, right, in that particular area or distribution channel. With that being said, I mean, you -- it might take three months, it might take six months, it might take more than like one year.

But with that being said, that's our future goal when it comes to this share, right? I mean, if we talk about the product that have been already launched and their contribution, we are already doing a revenue of INR1 crore plus with brand only being like 18 months old. Moving forward, we plan on increasing the depth of this distribution channel, aiming to have a organic growth of around 10% to 12% because we also don't want to force, right?

We also don't want to dump our goods and go wide and deep. We can do that, right? But at the end of the day, until and unless the consumer likes your product and the customers right and you find that tertiary and repeat order, it's quite difficult to tell. I mean, when we talk about spices, right, a typical spices category has a 45 days of rotation, right?

So, we try to figure out what is the repeat order that's been coming, what are the reviews from consumers, what SKUs are working, what SKUs are not. So, it's a long exercise. So, me trying to give you any kind of timeline and not being able to delivery on that timeline would be very detrimental to me, right? I don't want to do it, but rest being said, it's going to be my key focus moving forward, right? Because that's how we aim on gaining more margins from businesses. Yes.

Majid Ahmed: Got it, sir. Sir, of the inventory of INR260 crores which in FY26, if you can bifurcate between B2B and B2C bifurcation.

Rahul Patel: Hitesh, can you give? I think...

Hitesh Sawlani: Yes, sure. So, you want -- see, entire retail segment is a B2C only. So, out of INR1,048 turnover, INR429 pertains to my retail sale.

Majid Ahmed: Sir, I'm asking the inventory. In the balance sheet, in the inventory part...

Rahul Patel: Inventory, out of...

Hitesh Sawlani: Inventory break up. Inventory, out of INR259 crores, the retail inventory is almost in the range of INR90 crores and the rest is towards my non-retail business.

Majid Ahmed: Okay, sir. Got it, sir. Sir, with this West Asia crisis, is it primarily due to West Asia crisis, our gross margins are impacted? What is the real reason, sir, and how are we going forward to improve that?

Rahul Patel: Can you please repeat? I didn't catch your question.

Majid Ahmed: Sir, we have seen a very -- we had impact on the gross margins this quarter. Was it primarily due to West Asia crisis or like is it like any front-loading of...

Rahul Patel: Sir, despite of dip in my GP, we have continued to maintain the growth in EBITDA and the PAT. So, it's not only the GP, overall business have performed year-over-year in positively manner.

- Majid Ahmed:** Yes, sir, but that is due to other income. I know what has led to that other income of INR5 crores this quarter? Because of that, the numbers have shown higher growth. If I exclude that, there will be de-growth. May I know that INR5 crores, that is other income?
- Hitesh Sawlani:** See, other income mainly consists of the exchange gain, which is towards directly out of the export business only. So, in my financial, under the revenue from operations and there is other income. Other income consists almost in the range of INR8 crores to INR9 crores of the exchange gain, which is nothing but directly attributable to my export business only.
- Majid Ahmed:** Okay, sir. Will this be -- will this INR5 crores and this number will be constant going forward or is it just a one-off gain?
- Hitesh Sawlani:** No, no. We are sure the strategies that we are using internally, the financial strategies, the forward and all that, we are confident the number will remain constantly increasing only.
- Majid Ahmed:** Okay, sir. Do you get any export -- is it due to FX gain or export gain, like if you can clarify on that?
- Hitesh Sawlani:** That is nothing but the foreign exchange fluctuations. So, we hedge our receivables according to our best practices.
- Majid Ahmed:** Okay, sir. Finally, like what type of revenue growth are we targeting for next year, sir, in B2B and B2C if you can give some color?
- Hitesh Sawlani:** So, you can say double-digit growth.
- Majid Ahmed:** Double-digit, like is it high double-digit or lower or mid?
- Hitesh Sawlani:** Higher side double-digit growth, you can say 20% and above.
- Rahul Patel:** And with that being said, I mean, we can't disclose those numbers yet.
- Majid Ahmed:** Okay, sir. That's all from my side. Thank you, sir.
- Moderator:** The next question comes from the line of Gunit Singh with Counter Cyclical PMS. Please go ahead.
- Gunit Singh:** Can you please give a breakdown of our manufacturing revenue by top products and their percentage contribution to the revenues? Hello, am I audible?
- Rahul Patel:** Yes.
- Hitesh Sawlani:** You want breakup for my retail sales product-wise breakup you want or you want the non-retail sale also?
- Gunit Singh:** Manufacturing, just manufacturing.
- Hitesh Sawlani:** Manufacturing. So, you are talking about my B2B business.

Gunit Singh: manufacturing is 100% B2B.

Hitesh Sawlani: Correct, So, our top products would be like, you know, the cumin, spices, jeera, sesame.

Gunit Singh: Okay. So, basically, 59% of our revenue comes from majorly these spices segment.

Hitesh Sawlani: Majorly, yes.

Gunit Singh: And these are all B2B -- this entire business is B2B, it's white-labeled for other clients. Is it, sir?

Hitesh Sawlani: No, no. Not entirely for white label. It's a mix.

Gunit Singh: So, does it have our own brand sales as well?

Hitesh Sawlani: Yes, we do the other brand as well as private label both. Almost 50-50 in the ratio of same ratio we manage it.

Gunit Singh: Okay. So, our brands in manufacturing, our brand sales are 50%.

Hitesh Sawlani: So, ballpark figure is almost 49% to 50%, majorly consisting of Indian Chaska brand.

Gunit Singh: Got it. And these are all B2B sales?

Hitesh Sawlani: B2B, right.

Gunit Singh: Got it. Yes. And in our Patel Retail stores, I want to understand what percentage of our own manufacturing sales are done through Patel Retail stores.

Hitesh Sawlani: Own manufacturing sales, right?

Rahul Patel: Go on, go on.

Hitesh Sawlani: You can roughly consider as 17.5% to 18%.

Gunit Singh: 18% of our own manufacturing sales are through Patel Retail.

Rahul Patel: Yes.

Gunit Singh: So, that is B2C, but you mentioned 100% of own manufacturing is B2B.

Rahul Patel: No, I think there is a misunderstanding the question. Hiteshji, I think there's a misunderstanding in what he's asking and what you are trying to give the answer. Can you please repeat the question again?

Gunit Singh: Okay. So, from the beginning, our own manufacturing about 59% of the revenues, right? So, I want to know how much of our own manufacturing sales is B2B versus B2C?

Hitesh Sawlani: No, no. The 59% of our total revenue is totally towards the B2B business only. There is no B2C in -- basically, it consists of exports as well as my institutional sales.

- Gunit Singh:** Got it. So, anything that we manufacture, we are not selling in Patel Retail. Is that...?
- Hitesh Sawlani:** Not entirely. The 59% is entirely -- it's out of retail sales. I mean to say it's totally manufacturing and processing sales only. So, let's say out of INR1,048 crores, INR618 crores is out of my processing and manufacturing sales.
- Gunit Singh:** Okay. Got it. So, basically, that does not reflect entire own manufacturing sales. So, what is our -- I mean, what is the sales...?
- Hitesh Sawlani:** So, INR618 crores -- the own manufacturing will be 50% of the INR618 crores.
- Gunit Singh:** 50% of the...
- Hitesh Sawlani:** Own brand.
- Gunit Singh:** Sir, I'm not able to understand anything. If you can just give us our total capacity of own manufacturing and the total revenue from own manufacturing.
- Hitesh Sawlani:** Sir, out of 60% of my revenue is my manufacturing and processing sales, okay? And in that manufacturing processing sale, INR319 crores is towards exports. And rest is institutional and domestic sales. And roughly ballpark figure is 5% to 10% is towards Patel Retail.
- Gunit Singh:** Got it, got it. Okay. Now it makes sense. So, in our -- we have multiple brands in Patel Retail, which also I was checking, which also -- I mean, like home hygiene, etc., in Patel Fresh or something. So, are those also manufactured by ourselves or is it white labeling?
- Rahul Patel:** Most of it is white labeling. Only spices we manufacture on our own. Anything in snacks, cleaning, and even in Blue Nation, it's all third party.
- Gunit Singh:** Got it. And in Patel Retail, you mentioned 20% of sales is from our own brands. So, out of the Patel Retail sales...
- Hitesh Sawlani:** No, 17.5%. So, we are talking about retail sales, out of INR429 crores, 17.5% consists of our private label sales.
- Gunit Singh:** Got it. So, what are our -- what are our EBITDA margins in Patel Retail?
- Hitesh Sawlani:** So, EBITDA margin for our retail business in the range of 7.5% to 8%.
- Gunit Singh:** 5% to 8%?
- Hitesh Sawlani:** 7.5%. You can say 7% to 8%.
- Gunit Singh:** Got it, got it. And in our manufacturing business, it is around 6.5%, 7%.
- Hitesh Sawlani:** Roughly.
- Gunit Singh:** Got it. And when it comes to our own brand sales, what kind of, I mean, margins do we enjoy?



- Rahul Patel:** In our own brands, the margins, yes, the operating margins goes up to 30% to 35%.
- Gunit Singh:** Got it. So, these are the gross margins you're saying of our own...?
- Rahul Patel:** Gross margins, yes.
- Gunit Singh:** Got it. And what are the gross margins, I mean, of non-branded just to get an idea?
- Rahul Patel:** Roughly 15% to 16%.
- Gunit Singh:** Got it. And now if we talk about expansion plans, how many stores we plan to add in FY27?
- Rahul Patel:** 8 to 10 stores.
- Gunit Singh:** 8 to 10 stores. Okay. So, currently we have 50 stores. In presentation, I think it says our goal is to reach 75 stores by year-end.
- Rahul Patel:** Yes, as of March, right, we were 50, but as we are speaking today, we already have like 52 stores. We have opened two stores. We reckon we'll open seven, eight more stores this year.
- Gunit Singh:** Got it. Got it. And from our own manufacturing, what utilization levels are we at currently?
- Rahul Patel:** We are around 50% to 55% of capacity utilization.
- Gunit Singh:** Got it. So, I mean, realistically for FY27, what kind of utilization do you expect to reach, also given that maybe our Middle East exports might be impacted by the war? So, realistically, I mean, what kind of run rate are we at currently in terms of utilization and what do you expect?
- Rahul Patel:** We expect the same kind of growth because as you rightly mentioned, there would be an impact in the trade from Middle East, but just to cover that impact on the trade, right, we are aggressively pushing our goods in the domestic market, whether it be it under private label or be it under B2B, right? We are trying to do that to cover up those things. As well as we are trying to expand our export business into other continents as well, like Africa.
- Gunit Singh:** Got it. So, our inventory increased significantly year-on-year. So, can you help me understand the reason for the same? And I mean, what exactly inventory what has increased?
- Rahul Patel:** See, mainly that's in the account of since our non-retail business is growing, right? Most of the goods that we manufacture and process in the non-retail business are all once a year kind of product, right? They are all grown only once a year, right? To be able to give consistent quality throughout the year, we try to keep that product in line.
- That also helps us into maintaining the price as well as giving the same, you know, quality of the product throughout the year because one thing that we have understood very clearly in food marketing is quality consistency is the key, right? If you have to keep on growing in this market, you need to give a consistent quality.

- Gunit Singh:** Got it. So, for this own manufacturing business, I mean, for how many months do we build up inventory and is it that we buy the inventory for the entire year in March or February, something like that?
- Rahul Patel:** Okay. Let's say I'll give you an example. Let's say Indian Chaska is one of our B2B brands, right? We did around odd INR8 crores of revenue, right? We're expecting that to grow by, let's say, 20%, 25% this year, right? And maybe go back to current SKUs, right? I want, let's say there's a good market for turmeric and coriander this year. So, I have stocked turmeric and coriander for me for throughout the year with that 25% increase included, right? Hello?
- Gunit Singh:** Got it. So, basically, I mean, for the manufacturing business, what percentage of inventory do we stock up by say March? So, are we covered for the entire year, for this manufacturing, own manufacturing?
- Rahul Patel:** We are covered up for the fixed sales. Let's say last year we did this many crore and let's say we did X. X amount of tons and this year we're expecting 5% to 10% of growth, for example. We'll have that kind of stock in our warehouses. Besides that, if there is an opportunity, let's say like the DGFT scheme came in, right, where there's a export license for wheat products, let's say there's a Korean tender that comes up where we get an opportunity to export sesame in Korea, we'll do that. So, during that time, we will have that kind of stock again in our books.
- Gunit Singh:** Got it. And my last question is, are we looking at any inventory gains given that, I mean, given the current situation, we have already built up inventory?
- Rahul Patel:** Hitesh?
- Hitesh Sawlani:** Yes. Sir, can you just repeat your question?
- Gunit Singh:** No, I'm saying we have already built up huge inventory. So, have our raw material prices been impacted by the current situation or by the forecast of lower than expected monsoons? So, do we expect any inventory gains or have we seen any increase in the raw material costs?
- Hitesh Sawlani:** We are expecting the inventory gains, because the level at which we have procured the raw materials are almost at the competitive prices. So, we are not looking forward any escalation in the prices going forward.
- Rahul Patel:** Yes. They are, they are all the commodities have already reached their peak price and come, declining more right now. We hope it keeps on declining, right? But again, it's a commodity market, never know. But as of now, what our data and studies says, we don't think so.
- Gunit Singh:** All right. Thank you very much.
- Moderator:** The next question comes from the line of Diwakar Rana with Prudent Equity. Please go ahead. Diwakar, please go ahead with your question and kindly unmute your line in case if you're on mute.
- Diwakar Rana:** Sorry. Yes. Hi. My question is, what is the profit share from your retail segment and non-retail in this financial year?

- Hitesh Sawlani:** So, you want the contribution of retail and non-retail into my PAT, right? So, how much PAT is generated from retail business and the non-retail. Correct?
- Diwakar Rana:** Yes. I want to know the share. Yes. Share. What is, how much profitability that the retail and non-retail contributed this year? Removing the other income part.
- Hitesh Sawlani:** Excluding other income part, so retail is contributing almost in the range of 35% to 38% and rest is towards non-retail.
- Diwakar Rana:** Remaining in non-retail. Okay. Sir, okay. So, this quarter we reported around, over 5% operating profit margin, which is, I mean, lowest in last six, seven quarters. So, why is that and what is the, your outlook for FY27?
- Hitesh Sawlani:** So, basically, the lower margins in Q4 is on account of the additions into new stores. Basically, new stores carry an upfront cost and their revenue gets ramped up into coming quarters. So, in coming quarters, because this is nothing but temporary dip and we are looking forward the almost in the same consistency growth in coming quarters.
- Moderator:** Thank you. The next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** Sir, thank you for the opportunity. Sir, I wanted to understand for our retail segment, do we buy the products directly from the brand or through a distributor?
- Rahul Patel:** Depends from company to company and how are we classified in those companies. Let's say if we want a certain commodity to be sent directly in our stores, we buy from distributors. And let's say if we want the commodity to come to our warehouse and then distribute from there, sometimes we buy from super stockists. And directly company, I don't think any of the company directly supply it.
- It goes through the channel partners. It's a very rare case when the company is directly supplying to you.
- Moderator:** Got it.
- Rahul Patel:** Although it might be supplying directly, they might be supplying it from their own DC, you know? Let's say like a company like Ram Bandhu had a DC in Bombay, right? They were supplying it from their own DC. Does that classify as directly supply from company or from a super stockist per se?
- Madhur Rathi:** Sir, just one question. Sir, what was the inventory for B2B segment out of the INR260 crores inventory that we currently have?
- Hitesh Salwani:** Out of INR259 crore, INR90 crores is towards my retail. The rest is non-retail.
- Hitesh Salwani:** Yes. For INR259 crores inventory, INR90 crores is towards retail.

- Moderator:** Thank you. The next question comes from the line of Deeya Jain with Sapphire Capital. Please go ahead.
- Deeya Jain:** Am I audible?
- Rahul Patel:** Yes. Yes, you are.
- Deeya Jain:** So, how much growth are we expecting for FY27 and also the EBITDA margins, if we have a target in mind?
- Hitesh Salwani:** So, EBITDA margin that we are -- of course, we cannot disclose the number, but I can say approximately 8% to 9% going forward.
- Deeya Jain:** Sorry, sir. You were not clear.
- Hitesh Salwani:** 8% to 9%.
- Deeya Jain:** Growth?
- Hitesh Salwani:** EBITDA, EBITDA margin. Growth, so -- yes.
- Moderator:** Does that answer your question, Diya?
- Deeya Jain:** Yes, sir. Yes.
- Moderator:** Thank you. The next question comes from the line of Diwakar Rana with Prudent Equity. Please go ahead.
- Diwakar Rana:** So, my question is on the manufacturing part. So, in FY24, we did around INR530 crores of revenue in from manufacturing and processing, then we did around INR444, there was a de-growth. This year we have done around INR620, right? So, you know, as you clearly said that retail part contributes around 35% and remaining from manufacturing, don't you think the PAT margin should increase going forward considering you will be increasing the capacity utilization this year?
- Hitesh Salwani:** Definitely, PAT margins are going to increase. Yes.
- Diwakar Rana:** Okay. Okay. And what is your basic -- you said that around 55% capacity utilization and this year we did around INR620 crores of revenue from manufacturing. So, what is your target, I mean, what is your aspiration for this year for from manufacturing segment?
- Hitesh Salwani:** I cannot disclose the number, but ballpark figure, of course, as I said earlier, we are expecting the double-digit growth.
- Rahul Patel:** Yes, but alongside, yes, alongside top line, we also are focused on bettering up bottom line as well, right? That's where our focus is going to be.
- Diwakar Rana:** So, you said that retail and non-retail will be 50%-50%. So, I mean, you don't foresee the higher capacity utilization for manufacturing? Because if you are at...

Rahul Patel: No, we are. We are. I mean, even previously the share it was always 45-55. It would be always be like that, you know, 45-55, 45-51. We because at the end of the day, we are more focused on increasing the bottom line as well, right? We want to get better margins and the only way to do that we have reckoned we have to in term we have to focus on our manufacturing and processing part, right? So, certainly, yes, yes. So, there is going to be increase in that.

Diwakar Rana: Okay. Okay. Thank you.

Moderator: The next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir, if I look at the square fee the retail square feet, it's 2.29 lakhs and then we say that per square feet inventory is closer to INR2,000 to INR2,500. Our inventory based on that should be closer to INR55 crores, but it is at INR90 crores. So, why is it so much higher when -- from what we are saying? And sir, second question was, sir, between our receivables, sir, how much is receivables that is pending for more than six months and how much is like less than six months and that has increased from INR125 crores to INR162 crores. So, why is that so big jump in that as well?

Hitesh Salwani: So, to answer your first question, the additional -- you said the roughly the numbers is coming almost in the range of INR57 crores to INR58 crores, and the additional we have a, you know, distribution center, DC, at, from where we manage to supply the entire cluster. We have a cluster-based quarter. So, the additional inventory of almost INR15 to INR20 crores is at that for DC only.

Madhur Rathi: So, then considering everything, this distribution centers, what should be the inventory per square feet for retail because these backend operations would also be considered as inventory only? So, what is the number that we can expect for that?

Rahul Patel: No, see, the number that you are saying, that's the initial cost of inventory that is put into every store. Let's say a store of 6,000 square feet would have an inventory of roughly around INR2 crores to INR2.5 crores, right? But with that, we alongside we keep a stock hold of inventory in our distribution center as well. And to give a breakup for us in that, it is like different category would have a different inventory days, right? Let's say a spices inventory we maintain like a three months of inventory.

Let's say plastic and steel we maintain a inventory of three to four months. If it's a dairy product, it's like an inventory of like two, three days max. So, cumulatively, that's how we have INR90 crores of inventory. And in addition to that, we also have like festive or let's say that time period inventory which we have, right, with that.

Madhur Rathi: Okay. Got it. And sir, how much of receivables are pending for more than six months?

Rahul Patel: Hitesh will give you that number. Hitesh?

Hitesh Salwani: Yes. So, out of INR161 crores, 90% is less than six months only.

- Madhur Rathi:** Got it. Sir, just a final question from mine. Sir, if I look at inventory turns for our business, how should I look at inventory turns for our retail business and how should I look at our inventory turns for the B2B or the manufacturing business? And sir, can we reach a negative working capital cycle for our retail business? Is that -- like some of the larger players they have -- so where do we see our working capital cycle for the retail business going forward?
- Hitesh Salwani:** So, for our retail business, the inventory turn will be is at higher level, almost at four to five times of my turnover. And we are not forcing any negative working capital because we already have enough inventory and enough capacity to meet my demand.
- Madhur Rathi:** And for the -- for the manufacturing and or the distribution business?
- Hitesh Salwani:** For the manufacturing business, I'm carrying inventory at the, let's say, three months of my sales.
- Madhur Rathi:** Three months of sales. Okay, sir. That was from my...
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Dhanji Patel, Chairman and Managing Director, for the closing remarks.
- Dhanji Patel:** In closing, I sincerely thank you all. FY26 has been an important year for Patel Retail Limited. Because of your trust and support, we have been able to make our business even stronger. Going forward, our and our team's full focus will remain on growing and creating long-term value for all stakeholders. We are fully committed to making Patel Retail Limited an even stronger company. Again, many thanks to all of you. Thank you all.
- Ganesh Nalawade:** Thank you, everyone, for joining the conference call of Patel Retail Limited. If you have any further queries, you can reach us at research@kirinadvisors.com. Once again, thank you, everyone, for joining the conference.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Kirin Advisors, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.