

Kuber Chauhan
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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	49,966
Fresh Issue (No. of Shares in Lakhs)	NA
Offer for Sale (No. of Shares in Lakhs)	162
Bid/Issue opens on	6-Mar-2024
Bid/Issue closes on	11-Mar-2024
Face Value	₹ 1
Price Band	₹ 381-401
Minimum Lot	37

Objects of the Issue

➤ Offer for sale: ₹6,500 million

- To achieve the benefits of listing the Equity Shares on the Stock exchanges.

Book Running Lead Managers	
Intensive Fiscal limited	
JM Financial limited	
Axis Capital	
Registrar to the Offer	
Link Intime India Pvt Ltd	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	150
Subscribed paid up capital (Pre-Offer)	125
Paid up capital (Post-Offer)	125

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	93.5%	81.5%
Public	6.5%	18.5%
Total	100.0%	100.0%

Financials

Particulars (₹ In million)	H1FY24	FY23	FY22	FY21
Revenue from operations	6,762	13,947	13,522	11,289
Operating expenses	5,819	11,928	12,604	10,655
EBITDA	943	2,019	917	634
Other income	18	39	43	10
Depreciation	170	374	311	240
EBIT	790	1,683	649	404
Interest	41	165	108	139
PBT	750	1,518	541	265
Tax	194	395	125	54
Consolidated PAT	556	1,124	415	211
Ratios	H1FY24	FY23	FY22	FY21
EBITDAM	13.9%	14.5%	6.8%	5.6%
PATM	8.2%	8.1%	3.1%	1.9%

Company Description

Gopal Snacks was initially formed as partnership firm on April 1, 1999. Gopal Snacks is a fast-moving consumer goods company in India, offering ethnic snacks, western snacks and other products in 10 States and 2 Union Territories as of September 30, 2023. The company offers a wide variety of savoury products under the brand 'Gopal'. They are 2nd largest snack manufacturing company in Gujarat.

The company has also introduced its product line dedicated at offering premium wafers under the brand name of "Cristos" along with extruder snacks under the brand name of "Cornigo". The product offerings also include FMCG products including gram flour or besan and powdered spices under the "Gopal" brand. Other FMCG offerings include noodles, washing bars, and packaged sweets i.e., soan papdi, rusk and chikki.

The company is the largest manufacturer of Gathiya in terms of production volume and sales revenue in India and holds a market share of approximately 31% in Fiscal 2023 of the organized gathiya market in terms of sales revenue. The Gathiya segment itself generated a revenue of Rs4,239 mn in Fiscal 2023.

The company is 2nd largest manufacturer of Ethnic Namkeen in Gujarat and among the leading packaged namkeen players in India. They have also secured its position as the 4th largest packaged ethnic namkeen manufacturers in India. Over 65% of the company's revenue is generated through its namkeen segment.

As on September 30, 2023, Gopal Snacks has 276 SKUs in its portfolio. Gopal is dedicated on providing customers with differentiated value through a range of SKUs at affordable prices. It is the first company to launch gram flour or besan in ₹ 10 SKU. The company sells its products in 10 Indian states and 2 union territories and is one of the fastest-growing snack companies in India.

Company's 3 primary manufacturing facilities with installed capacity of 303,668 MT and 3 ancillary manufacturing facilities with installed capacity of 101,060 MT.

As of September 30, 2023, Gopal Snacks had 3 depots and 617 distributors, who helped them reach retailers located across 10 States and 2 Union Territories in India.

In FY23, Gopal Snacks Limited is the 4th largest manufacturer of papad in terms of its sales revenue and accounts for a market share of 3% in the Indian papad market. The revenue contributed by Papad reached Rs529 mn in Fiscal 2023.

Valuation and Outlook

Gopal Snacks Ltd is one of the largest and prominent FMCG player in India, offering Indian ethnic snacks and other products. The company intends to accelerate expansion in its focus markets, comprising Maharashtra, Rajasthan, Madhya Pradesh, and Uttar Pradesh. GSL will be focusing on geographical markets which are proximity to existing manufacturing facilities. Therefore, this move will not only enable them to increase their topline growth but will also rationalize its operating expenses.

At the upper price band company is valued at P/E of 44.5x with a market cap of ₹49,966 million post issue of equity shares.

We believe that valuations of the company is fairly priced and recommend a "Subscribe-Long Term" rating to the IPO.

Company background

Gopal Snacks Pvt Ltd. The company is based in Gujarat and offers a diverse range of products under the 'Gopal' brand such as namkeen, western snacks, extruded snacks, spices, papad and other products.

Gopal Snacks is the largest manufacturer of gathiya in India as of FY23-end, in terms of production volume and revenue, with a market share of 31% in the organized market (pegged at Rs14bn), which is 3% of the total organized savoury snack market in India. Gopal Snacks offers more than eight varieties of gathiya currently, which is higher than its competitors' offerings. GSL operates six manufacturing facilities in India, of which three are primary manufacturing facilities which produce finished goods and the other three are ancillary facilities that cater to captive requirements. Its primary manufacturing facilities are in Nagpur, Rajkot and Modasa, with an aggregate capacity of 303,668 mtpa as of 1HFY24-end. Two of its ancillary units are in Rajkot and one is in Modasa. These units produce besan (gram flour), raw snack pellets, seasonings and spices which are primarily for internal use in the manufacturing of finished products.

The company had 3 depots and 617 distributors as of 1HFY24-end, which covers retailers located across 10 states and 2 Union Territories. As of 1HFY24, 69 distributors in Gujarat have been associated with Gopal Snacks for more than 10 years, representing 24.7% of the total distributors in Gujarat. Its products are distributed across 700,000 retail touchpoints across India. The distributors have established sales channels across conventional grocery retailers, supermarkets, hypermarkets and span across urban, semi-urban and rural areas. Gopal Snacks products started gaining recognition in the international market, with products sold to certain markets like Australia, Kuwait, Saudi Arabia, UAE and USA through both direct exports and merchant exporters. Most of its products are sold through what the company calls general trade channels, which include conventional grocery retailers, supermarkets and hypermarkets.

Most of its products are sold through what the company calls general trade channels, which include conventional grocery retailers, supermarkets and hypermarkets. The company has 18 trademarks in other jurisdictions like the USA, New Zealand, Canada & Australia. Two additional applications are underway in the USA and Africa.

Product portfolio



In Fiscal 2023, company was the fourth largest brand in the organized sector of ethnic savouries (including gathiya) in terms of market share in India and the largest manufacturer of gathiya (in terms of production volume and sales revenue) and snack pellets (in terms of production volume) in India and had a market share of approximately 31% in Fiscal 2023 of the organized gathiya market in terms of sales revenue (Source: F&S Report). As per the F&S Report, in Fiscal 2023, they enjoyed approximately 20% market share in the ethnic savouries, approximately 8% in western snacks and approximately 6% in the papad industry in Gujarat (including organized and unorganized sectors). In Fiscal 2023, company is the second largest organised ethnic namkeen manufacturer in Gujarat with Gujarat among the top states with high consumption of snacks in India, and the fourth largest packaged ethnic namkeen manufacturer in India, each in terms of sales revenue (Source: F&S Report). Further, company is the fourth largest papad manufacture in terms of sales revenue in India (Source: F&S Report). As per the F&S Report, (i) in Fiscal 2022, company had the highest fixed asset turnover ratio, return on equity and return on capital employed, among key snacks companies in India and had the highest fixed asset turnover ratio and the lowest repair and maintenance expenses as a percentage of revenue, both as of March 31, 2022, among their Peers (Source: F&S Report).



The table below sets forth the details with respect to the capacity utilisation of our primary and ancillary manufacturing facilities:

	Sept'23	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Capacity utilisation			
Primary manufacturing facilities	28.64%	40.1%	32.3%	27.6%
Ancillary manufacturing facilities	51.10%	62.3%	58.9%	52.4%

Strengths

➤ **Significant presence in Indian snack food market**

Gopal Snacks has always focused on Gujarat as its core market, where it has gained a leadership position in local savory snack – Gathiya. Bipinbhai Vithalbhai Hadvani, the founder of Gopal Snacks based in Rajkot, Gujarat, began his entrepreneurial journey in 1994 with an initial capital of just Rs4,000. The company charted its national march 6-7 years back and expanded its focus on wider savory snacks segments.

It is the largest manufacturer of gathiya and the second largest ethnic packer in Gujarat. As part of its strategy to gain scale, the company has ventured outside the Gujarat market and has expanded its focus to other savory snacks segments. Backward integration helps Gopal Snacks deliver quality and fresh products, where its capabilities in cold storage, infra, and logistics backend help it to reach a wider consumer market with quality products. Over the years, management has leveraged its experience and developed a wide range of products, which has enabled the company to strengthen its foothold in the Indian snacks industry. Currently, Gopal Snacks has 84 products with 276 SKUs across its various product categories, thereby addressing a wide variety of tastes and preferences. The company has a higher contribution from gathiya and namkeen, which contribute 68% to the topline. The company is the largest manufacturer of gathiya and the second largest ethnic packer in Gujarat.

Gopal Snacks’ presence in the western snack category primarily consists of snack pellets, wafers, and extruded snacks. Currently, it has 12, 8, and 5 products classified under snack pellets, wafers, and extruded snacks, respectively. In the total organized Indian savory snacks market, western snacks contribute ~57%, while the contribution of Gopal Snacks is limited at ~25% of sales. The company has been driving faster growth in the portfolio, which helps in reducing dependence on traditional ethnic savory segments. Moreover, the fourth largest handmade papad company in India (fifth overall) and offers four different kinds of papad, and its papad varieties include moong papad, coin papad, Punjabi papad, and udad papad. Papad is gradually becoming a part of every meal with improving availability.

The category is sized at Rs83bn, where the share of organized is at ~34%. Gopal Snacks holds 3% market share in the organized papad market. The company has other product categories that primarily consist of besan, spices, chikki, nachos, noodles, rusk, soan papdi, and washing bar. As of FY23, Gopal Snacks had nine products classified under other products. The company has engaged third-party manufacturers on a need basis to produce some other products such as chikki, nachos, noodles, rusk, soan papdi, and washing bar.

➤ **Strategically located manufacturing facilities**

The company has a manufacturing base near its core market in the western region with facilities comprising three primary manufacturing facilities and three ancillary manufacturing facilities. The three ancillary manufacturing facilities primarily focus on producing besan or gram flour, raw snack pellets, seasoning, and spices, all of which are primarily used for captive consumption in the manufacturing of finished products such as gathiya, namkeen, and snack pellets.

As of Sep-23, the annual installed capacity of its six manufacturing facilities was 404,729 MT, of which the installed capacity of three primary manufacturing facilities (including the annual installed capacity for papad, which is manufactured at one of its ancillary manufacturing facilities located in Rajkot, Gujarat) was 303,669 MT and the aggregate annual installed capacity of its three ancillary manufacturing facilities (excluding the annual installed capacity for papad) was 101,060 MT.

- At its Rajkot, Gujarat, facility, the company manufactures gathiya, namkeen, snack pellets, and extruded snacks, where capacity utilization is at 36.83%.
- At Modasa, Gujarat, facility, the company manufactures namkeen, snack pellets, and wafers, where its capacity utilization is at 27.32%

Gopal Snacks has customized machinery set-ups such as fryers, machines for manufacturing raw pellets, mixing machines, blending machines, ingredient controllers, and weight controllers. This enables the company to manufacture products with consistent temperature, shapes, textures, and taste. The company has also customized its product identification mechanisms, automated warehouse, and conveyor roller belts, which facilitate its post manufacturing processes. The company uses a gravity-driven material movement process where raw materials flow from the top, are converted into finished products, and immediately transported downwards into cartons for delivery. These arrangements are placed to drive efficiency in the processes.

The company manufactures besan or gram flour and spices such as chili powder, cumin powder, coriander powder, and turmeric powder, which are key ingredients to produce various types of namkeen and gathiya products. The company also manufactures raw snack pellets to produce snack pellets. Controlling the production of these ingredients allows Gopal Snacks to maintain consistent taste, texture, and quality of products, and reduce dependence on external suppliers, thereby lowering the overall production cost.

➤ Strong distribution network

As of September 30, 2023, company had three depots and 617 distributors, who helped them reach retailers located across ten States and two Union Territories in India, including Gujarat, Maharashtra and Uttar Pradesh. As of September 30, 2023, company had 263 logistics vehicles which facilitate timely delivery of their products to their distributors. Company have developed longstanding relationship with a number of their distributors.

As of September 30, 2023, 69 distributors in Gujarat have been associated with them for more than ten years, representing 24.73% of their total distributors in Gujarat and such distributors contributed to 26.62% and 25.97% of their revenue from operations in Fiscal 2023 and in the six months ended September 30, 2023, respectively. Their distributors have established sales channels with conventional grocery retailers, supermarkets and hypermarkets and help their products reach the end consumers located in urban, semi-urban and rural regions efficiently. In addition, their products is sold through a retail store chain in Gujarat and through e-commerce platforms. Their products have started to gain recognition in international markets. In the last three Fiscals and in the six months ended September 30, 2023, company sold their products to 37 countries including Australia, Kuwait, Saudi Arabia, UAE and THEMA through direct exports. A majority of products is sold through the general trade channel which includes conventional grocery retailers, supermarkets and hypermarkets.

As of September 30, 2023, company have a sales and marketing team comprising 741 employees, who develop and manage their distribution network. Through the communication between their sales team and their distributors, company become aware of market trends and opportunities and product feedback to respond to market demands and preferences, enables them to provide better support to their distributors and increase their sales. Further, to ensure distributors are motivated and engaged, company offer a range of incentives to them. These incentives is designed to reward distributors for their hard work and to encourage them to continue working with them.

Company also provide training and guidance to their distributors to ensure that they have the knowledge and skills to sell their products effectively. In 2017, they implemented distribution management systems ("DMS") to improve the efficiency of their supply chain, which helps distributors to place orders with them. Further, it provides visibility on sales and inventory levels of their distributors and helps them track the distributors' account receivables and payables, thereby allowing them to optimise their distribution network. Further, it provides them with real-time data on the popularity of their products and helps them to plan their operations accordingly, ensuring that they are able to meet the demands of their consumers in a timely and effective manner. In addition, company also utilize live GPS tracking of their logistics vehicles to further enhance their supply chain operations.

This allows them to monitor their logistics vehicles in transit to ensure their products reach distributors on time. Their distribution network is the culmination of the process of identifying and selecting distributors across different regions in India over the years. Further, their collaborative approach has enabled them to develop relationships with their distributors, which company believe will make it challenging for new competitors to replicate a similar level of engagements with their distributors.

Key Strategies

➤ Strengthen market share in core markets

The company intend to continue to gain market share and strengthen its position in core market of Gujarat. In Fiscal 2023, Gujarat contributed approximately 10.5%, approximately 12.3% and approximately 10.6% to the overall markets of ethnic savouries, western snacks and papad, respectively, in India (Source: F&S Report). As per the F&S Report, in Gujarat, the estimated market size is ₹ 38,000 million to ₹ 40,000 million, ₹ 48,000 million to 50,000 million and ₹ 8,500 million to ₹ 9,000 million in the overall ethnic savouries, western snacks and papad segments, respectively.

The company intends to deepen penetration in Gujarat with a focus on increasing market share in the western snacks market by leveraging distribution network and a wide array of products including products in the western snacks category. As of September 30, 2023, company had 279 distributors across Gujarat, representing 45.22% of total distributors in India. Company believes that the distribution network in Gujarat will enable them to deepen market penetration and expand the reach to new consumers within Gujarat.

Further, the company has a considerable amount of unutilized capacity at primary manufacturing facilities in Gujarat. This will provide them with the flexibility to expand their operations to meet growing demand as required. In Fiscal 2023, primary facility located at Rajkot, Gujarat where gathiya, namkeen, snack pellets and extruded snacks are manufactured had a capacity utilisation of 36.83% and primary facility at Modasa, Gujarat where namkeen, snack pellets and wafers are manufactured had a capacity utilisation of 27.32%.

Further, in the western category, the company intend to focus on capturing market share in the wafers market. As per the F&S Report, chips/ wafers dominates the western snack category with an estimated market size of ₹ 30 billion to ₹35 billion in Gujarat in Fiscal 2023 (inclusive of both organized and unorganized sector). Company believes that the cold storage, which is situated within primary manufacturing facility in Modasa, Gujarat, coupled with the ability to source potatoes directly from farmers, and the presence of this manufacturing facility which provides convenient access to essential raw materials such as potatoes (Source: F&S Report), will enable them to focus and capture market share in the wafers market.

	Sept'23	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Percentage of revenue from operations	Percentage of revenue from operations	Percentage of revenue from operations	Percentage of revenue from operations
Revenue from operations from Gujarat	76.49%	79.08%	76.27%	74.31%

➤ Expanding presence in focus markets

Gopal Snacks will focus its efforts to increase distribution touchpoints in its focus markets of Maharashtra, Rajasthan, Madhya Pradesh and Uttar Pradesh. These markets are within the range of its existing manufacturing facilities, giving the company the capability to launch new products as well in these markets. Gopal Snacks has sales and marketing personnel in these regions who take feedback on tastes and preferences in each market, position advertisements in newspapers to attract potential distributors as well as launch region-specific products.

The company also aims to expand its presence in the markets it entered more recently like Jharkhand, Chhattisgarh, Odisha, Telangana and Karnataka.

States/ Union Territory	Market Share in Ethnic Savouries in Fiscal 2023	Market Share in Western Snacks in Fiscal 2023	Market Share in Papad in Fiscal 2023
Maharashtra	12.9%	12.1%	8.0%
Rajasthan	9.1%	5.8%	11.4%
Madhya Pradesh	8.1%	6.0%	8.6%
Uttar Pradesh	14.0%	8.2%	4.6%
Total	44.1%	32.1%	32.6%



Geography	Distributors
Maharashtra	143
Rajasthan	31
Madhya Pradesh	47
Uttar Pradesh	67

They intend to typically employ a range of strategies to increase presence in focus markets. These include deploying a sales and marketing person to receive feedback on the taste and preferences of a particular market, placing advertisements in newspapers to attract potential distributors, providing continuous product sampling and soliciting feedback, organising brand awareness sessions, engaging in discussions with prospective distributors to better understand their growth goals, launching region-specific products, offering incentives to motivate distributors and prioritizing timely resolutions of any post-sales issues. Further, company have a considerable amount of unutilized capacity that provides them with the flexibility to expand their operations to meet growing demand as required. They believe that this advantage gives them a competitive edge in the market and positions us well for future growth opportunities in these focus markets. Further, they also intend to develop other markets such a Jharkhand, Chhattisgarh, Odisha, Telangana and Karnataka to expand sales and enhance brand recognition.

➤ Continue to leverage technology to further optimise business operations

The company intends to implement technology to drive and track their supply chain management and improve their engagement with distributors. In the past, they implemented a distribution management system (“DMS”) to improve their interaction with distributors and efficiency of their supply chain.

➤ **Enhance brand awareness**

The company plans to strengthen their brand through increased marketing and advertising activities. They intend to implement a range of techniques to reach both broad and targeted audiences.

They were one of the sponsors of the Gujarat Giants team which participates in the Women's Cricket Premier League and in Fiscal 2023, they participated in certain exhibitions as well. They advertised their products with slogans such as "Sab Bhoomi Gopal Ki", "Pure Quality, Total Faith" and "Get. Set. Crunch". In addition, they have recently received approval for supply of certain of their products such as wafers and namkeen, to licensee run static catering units over western railways for a period of 3 years effective from August 30, 2023.

Advertisement on public transport



Participation in exhibition



Advertisement on our logistics vehicle



Packaging with our slogans



Mascots used for advertisement



Sponsorship of sports event

➤ **Utilization of un-utilised capacity and expand manufacturing capacity at the existing facilities and set-up additional strategically located facilities**

Currently, Gopal Snacks operates 3 primary manufacturing facilities located at Nagpur, Maharashtra; Rajkot, Gujarat; and Modasa, Gujarat, with an aggregate annual installed capacity (including the annual installed capacity for papad which is manufactured at their Rajkot, Gujarat (Ancillary Facility I) of 303,668.76 MT as of September 30, 2023. In addition to their 3 primary manufacturing facilities, they operate 3 ancillary manufacturing. In addition, typically they manufacture new products through third party manufacturers to test their potential in the market. In addition to expanding their manufacturing capabilities for new products, they may plan to set up additional manufacturing facilities to expand their geographic outreach and the same would allow them to serve their customers efficiently and effectively in different regions, while also optimizing their production costs and achieving economies of scale.

Industry Snapshot**Overview of retail and packaged food market**

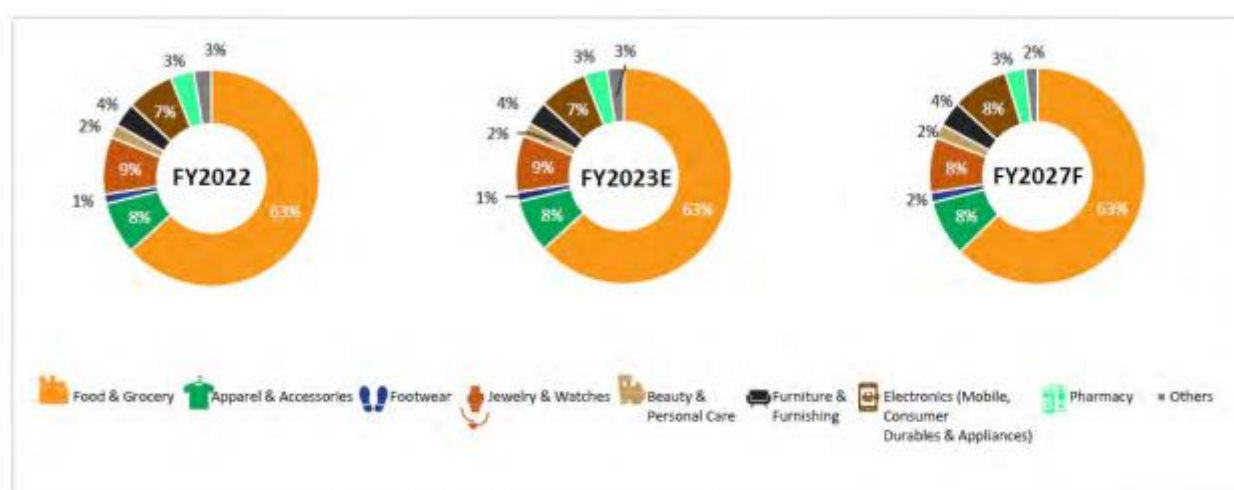
India holds the position of world's fifth-largest global destination in the retail sector and is ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. Indian customer's increasing purchasing power is anticipated to be one of the major driving factors of the retail sector in the country. The retail market in India is estimated at ₹ 67.9 trillion in 2023E and is anticipated to reach approximately ₹ 94.9 trillion by 2027F exhibiting a CAGR of 8.7% during 2023E-2027F. Retail sector contributes to approximately 10% to GDP in India

Retail Market Size in India (Fiscal 2018- Fiscal 2023E) and Projected Trajectory of 2027F



Source- Annual Reports of organized players, India Brand Equity Foundation, Expert Interviews, Frost & Sullivan Analysis

Market Contribution of various Sectors in the Indian Retail Market and their Growth (Fiscal 2022, Fiscal 2023E and Fiscal 2027F)



Source: Retailers association, Frost & Sullivan Analysis

In 2023, traditional retail contributed approximately 80% to the Indian retail sector, followed by the organized retail market contributing approximately 12%, and online sales channels approximately 8%. While the traditional retail channel would still dominate (approximately 76%) the Indian retail market by 2027F, sales via e-commerce would experience the highest CAGR of approximately 17% during 2023-2027F, accounting for an expanding share of 10% in 2027F as compared to approximately 8% in 2023. During the Covid-19 pandemic, sales via modern/organized and traditional retail segments witnessed a major downfall, whereas sales via e-commerce, sustained its growth momentum. The trend is anticipated to continue during the forecast period as well.

Market Contribution of Traditional, Modern and E-commerce channels towards Indian Retail Market

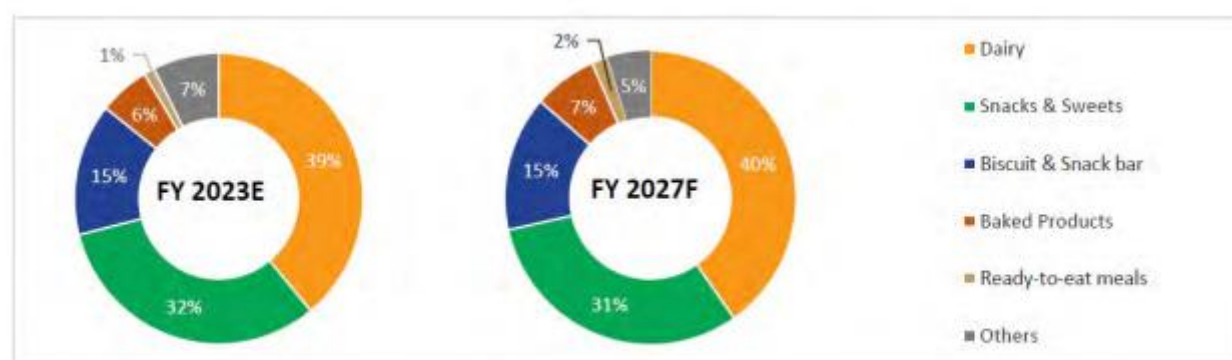


Source: Frost & Sullivan Analysis

Packaged food market in India

The Indian packaged food industry was valued at Rs2,972bn in 2018 and stood at Rs4,622bn in 2023. The segment is evaluated to register a CAGR of 10% over 2023 to 2027F and would reach a market value of Rs6,767bn by 2027F. Surging demand for high-value, pre-packed 'on-the-go' and

'ready-to-eat' products is supported by increasing disposable income, rising population of urban middleclass consumers, and the rising population of working women across the country.



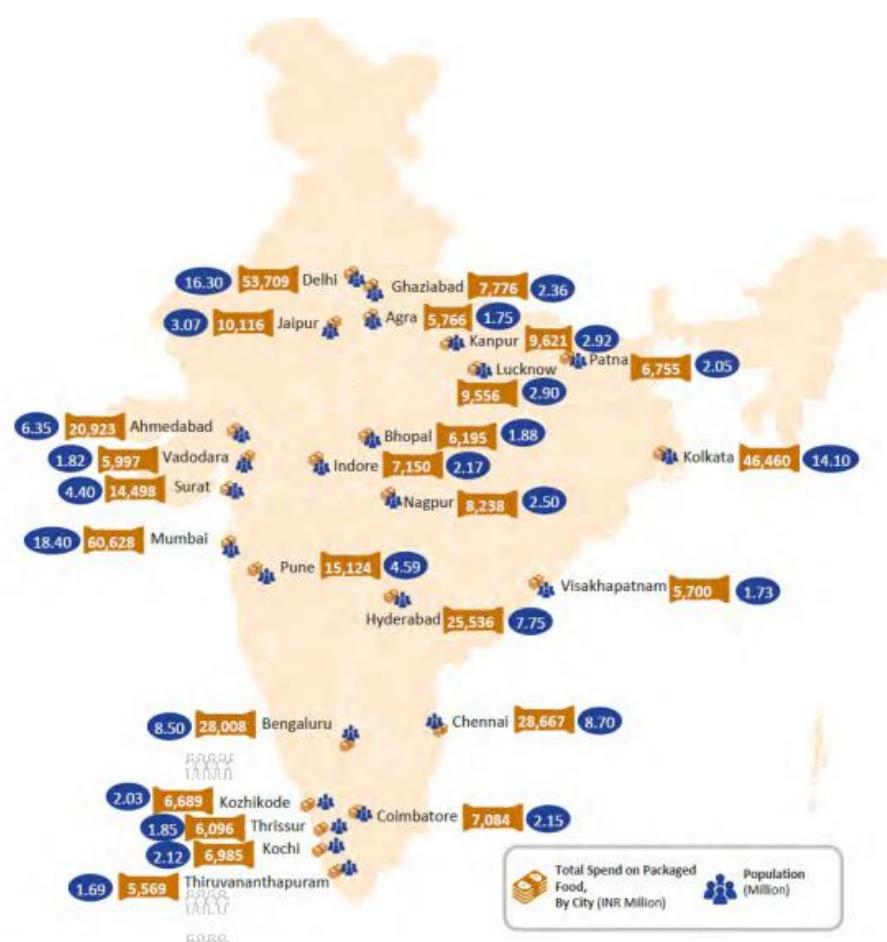
Source: Invest India, Frost & Sullivan Analysis

In Fiscal 2023E, the packaged food industry was valued at ₹ 4.6 trillion. Dairy products along with snacks and sweets together contribute to approximately 71% of the overall packaged food segment followed by Biscuits and Snack bar holding approximately 15% of the overall market share. Among the various categories of the packaged food products, ready-to-eat meals and baked products are evaluated to register the highest CAGR of approximately 15% and approximately 13% (2023E-2027F) respectively owing to the rising health concerns among the consumers. This also has positively influenced the demand for food products offering various health benefits. Rising sales of packaged food is attracting Indian entities towards this high revenue generating sector which in turn influences various new products and variants launches in the packaged food category during the forecast period. Additionally, the snack industry holds substantial share in the Indian packaged food products market i.e., approximately 32% in 2023E. The sector is considered to have high untapped potential as Indian consumers have high inclination towards savoury snacks. Emphasis on healthy foods and increasing demand for convenience foods together pushes the snack segment towards holding overall higher market share in the packaged food industry.

The packaged food industry in India is estimated to reach ₹ 4,622 billion in Fiscal 2023E and projects a growth potential of approximately 10% during Fiscal 2023E- 2027F. The packaged food market is segmented into organized and unorganized sector. The Indian packaged food industry is dominated by the unorganized players. The unorganized sector dominates the industry accounting for a market share of approximately 81% in Fiscal 2023E. It is estimated that the unorganized sector would continue to occupy a significant market share of approximately 79% in Fiscal 2027F and would project a CAGR of 9% during the forecast period 2023E-2027F. However, the organized sector is projected to exhibit a higher CAGR of 13% during 2023E-2027F supported by major transition that took place during the COVID-19 pandemic which influenced the retailers in the country to adopt technology to support their businesses. The trend is anticipated to continue where organized sector is expected to account for a market share of 21% by 2027F in the Indian packaged food industry.

Contribution of the top 25 cities to packaged food revenue, 2023E

India's top 25 cities contribute to about 10% of revenue of packaged food industry. India's consumer spending on packaged food per capita is estimated to grow to ₹ 5,552 by 2027F. India's fast-growing economy is a major influencer of the growth of the packaged food sector in the country



Accounting ratios

Particulars	1HFY24	FY23	FY22	FY21
Revenue from Operations	6,762	13,946	13,521	11,288
Growth in revenue from operations (%)	NM	3.1%	19.8%	NM
EBITDA	942	3,872	2,723	1,722
EBITDA Margin (%)	13.9	14.1	7.0	5.3
PBT	749	1,518	540	265
PAT	556	1,124	415	211
PAT Margin (%)	8.2	8.1	3.1	1.9
ROE (%)	16.0	38.6	23.4	15.6

Comparison with Listed Peers

Name of the company	Latest FY	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Gopal Snacks Ltd	Consolidated	1	44.5*	9.0	1.6	38.6	23.3
Listed peers							
Bikaji Foods International Ltd	Consolidated	1	98.5	5.1	5.1	14.1	38.2
Prataap Snacks Ltd	Consolidated	5	123.4	8.5	8.5	3.1	288.3

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Mar 05, 2024.

2) * P/E of company is calculated on EPS of FY23 and post issue no. of equity shares issued.

Key Risk

- Gujarat being the key region in its sales vertical. Any political or demographical change or any negative change in operational counterpart may create a bigger dent in revenues.
- Product portfolio majorly comprises of Gathiyas and Snackpallets. Any change in consumer preferences or delay in market orders due to disruption in supply chains may significantly hit the company revenues in a short term.
- As products are in semi perishable category, any raw material issues, labeling errors, improper storage, and adulteration surely dampens the demand supply chain.
- As company lies in the category of FMCG products so it requires various approvals from FSSAI and other agencies. As per DRHP already there are more than 8 notices from these agencies asking various clarifications and inspection.
- Post lockdown consumer preferences tend to shift for more healthy products especially for non oily segment. If this trend continues to remain same it will surely create an adverse effect on product demand.

Valuation and Outlook

Gopal snacks ltd is one of the largest and prominent FMCG player in India, offering Indian ethnic snacks and other products. The company intends to accelerate expansion in its focus markets, comprising Maharashtra, Rajasthan, Madhya Pradesh, and Uttar Pradesh. GSL will be focusing on geographical markets which are proximity to existing manufacturing facilities. Therefore, this move will not only enable them to increase their topline growth but will also rationalize its operating expenses.

At the upper price band company is valued at P/E of 44.5x with a market cap of ₹49,966 million post issue of equity shares. We believe that valuations of the company is fairly priced and recommend a “**Subscribe-Long Term**” rating to the IPO.

DISCLAIMER:**Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter “SEBI”) and the analysts’ compensation are completely delinked from all the other companies and/or entities of Anand Rath, and have no bearing whatsoever on any recommendation that they have given in the Research Report

Anand Rath Ratings Definitions

- ❑ Analysts’ ratings and the corresponding expected returns take into account their definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251 st company onwards)	>25%	0%-25%	Below 0%

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