



### **PO Details:**

Gopal Snacks Ltd is coming out with an IPO of about Rs. 650.00 cr consisting of 1,62,09,476 shares of face value of Rs. 1 each in a price band of Rs. 381 – Rs. 401. The IPO comprises of Offer for Sale of Rs. 650.00 cr by the promoter of the Company as well as by other selling shareholder. The IPO opens on 6<sup>th</sup> March' 2024 and closes on 11<sup>th</sup> March' 2024.

### **Company Details:**

- Indian FMCG company, offering **84** products with **276** SKUs across various product categories in **10 states** and **2 Union Territories** which addresses wide variety of tastes and preferences.
- Its **offers a wide variety of savoury products** including ethnic snacks such as namkeen gathiya, western snacks such as wafers, extruded snacks and snack pellets along with other products such as papad, spices, gram flour, noodles, rusk and soan papdi under **“Gopal”** brand.
- Operates **6** manufacturing facilities comprising 3 primary manufacturing facilities and 3 ancillary manufacturing facilities with an aggregate capacity of **404,728.76 MT** in Gujarat and Maharashtra.
- Wide distribution network which consists of **3 depots** and **617 distributors** who have established sales channels with conventional grocery retailers, supermarkets and hypermarkets.

### **Strength:**

- **Vertically integrated manufacturing operations** allows the Company to control the production process which enables it to manage costs, achieve increased operational efficiency and exercise better control over the quality and source of ingredients
- **Owns fleets of logistics vehicles** with drivers and an in-house fleet management capability with mechanics, enables it to maintain its logistics vehicles as well as meet the demand across Gujarat and neighboring states.
- **Strong distribution network** helps the Company to reach the end consumers located across urban, semi-urban and rural regions efficiently.
- **4<sup>th</sup> largest brand** in the organized sector of ethnic savouries and the largest manufacturer of gathiya and snack pellets in India, having market share of approximately 31% of the organized gathiya market in terms of sales revenue.



### Growth Drivers:

- Indian savoury snacks market which is estimated at about **Rs. 79,600 cr** in FY23 is expected to grow at CAGR of approximately **11%** and reach **Rs. 121,700 cr** by FY27.
- Organized Indian Ethnic Namkeen and Snacks market is expected to increase from about **Rs. 17,900 cr** in FY23 to **Rs. 27,200 cr** in FY27.
- Organized Western Snack market in India is expected to increase from about **Rs. 25,900 cr** in FY23 to **Rs. 41,000 cr** in FY27.
- Organized Gathiya market in India is expected to increase from about **Rs. 14,000 cr** in FY23 to **Rs. 22,000 cr** in FY27.
- **Investing in** marketing and brand building initiatives to increase the visibility of brand and **leveraging brand recognition** to continue to increase its market share and capitalize on future growth opportunities in the organized market for savoury snacks
- **Intention to develop newer markets** such as Jharkhand, Chhattisgarh, Odisha, Telangana and Karnataka to expand sales and enhance brand recognition.

### Objectives of Fund Raise – Fresh Issue of Rs. 650.00 cr:

- Entire IPO of Rs. 650 cr is an Offer for Sale, thus no money will come into the Company.

### Key Financial Highlights:

#### Gopal Snacks Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	1,128.86	60.35	5.3%	21.12	1.70	13.5%	15.6%
FY22	1,352.16	94.80	7.0%	41.54	3.33	18.7%	23.4%
FY23	1,394.65	196.23	14.1%	112.37	9.02	43.1%	38.6%
H1 FY24	676.20	94.26	13.9%	55.57	4.46	20.8%	16.1%

- Operating Revenue has grown at a CAGR of 11.2% between FY21 – FY23 to reach Rs. 1,394.65 cr in FY23.



- Ebitda has grow at a higher CAGR of 80.3% between FY21 – FY23 to touch Rs. 196.22 cr in FY23. Significant growth in Ebitda as compared to operating revenue is on the back of sharp improvement in Ebitda margins which inched up from 5.3% in FY21 to 14.1% in FY23.
- Profits after Tax has grown from Rs. 21.12 cr in FY21 to Rs. 112.37 cr in FY23.
- Capital Efficiency has also seen sharp improvement with RoCEs inching up from 13.6% in FY21 to 41.0% in FY23 while RoEs too inched up from 15.6% in FY21 to 38.6% in FY23.
- Company has also witnessed healthy growth in operating cash flow which too has increased from Rs. 22.43 cr in FY21 to Rs. 121.52 cr in FY23.

### **Valuations:**

- At Upper end of the IPO price band of Rs. 401, Gopal Snacks Ltd will be valued at about Rs. 4,996.64 cr.
- On EV/Ebitda basis, Company will be valued at 25.50x its TTM Ebitda of Rs. 196.94 cr while on PE basis it will be available at 43.07x its TTM EPS of Rs. 9.31.
- **Investments should be avoided in Gopal Snacks on the back of expensive valuations and also because as the Company intends to expand in markets outside of Gujarat (which currently accounts for about 76.5% of operating revenues) its transportation cost as well as Advertisement and Sales Promotion is expected to increase which in turn may put pressure on Ebitda margins and as a result also on capital efficiency.**

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\*Long Term Investments could range from 3-5 years.