STOXBOX

IPO NOTE

Gopal Snacks Ltd.

05th March 2024.

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Company Overview

Established in 1999 and having an experience of over two decades in the Indian snack industry, Gopal Snacks Ltd. is an FMCG company in India offering ethnic snacks, western snacks, and other products. The company offers a variety of savoury products such as namkeen and gathiya, western snacks such as wafers along with fast-moving consumer goods that include papad, spices, gram flour or besan, noodles, rusk, and soan papdi under the brand name ‘Gopal’. Leveraging its experience and by understanding the preferences of its customers and target markets, the company has developed a variety of products over the years which has enabled the company to strengthen its foothold in the Indian snacks industry. Having a product portfolio of over 84 products and 276 SKUs under various product categories, the company addresses a wide variety of tastes and preferences. To increase its foothold and expand footprint across India, the company has implemented a distribution management system that helps it to coordinate with its distributors and provides visibility on the inventory levels and distributor sales, enabling the company to optimize its distribution network. The company’s products are being sold in over 523 locations in 10 States and two Union Territories and its distribution network comprises of three depots and 617 distributors. The company has three primary manufacturing facilities and three ancillary manufacturing facilities in India. The primary facility focuses on manufacturing finished products and the ancillary facility focuses on producing besan or gram flour, raw snack pellets, seasoning, and spices which are primarily used for captive consumption in the manufacturing of finished products. The aggregate annual installed capacity of the primary facilities stands at 303,668 MT and 101,060 MT in the case of ancillary facilities. In addition to this, the company engages third-party manufacturers on a need basis to produce its products such as chikki, nachos, noodles, rusk, soan papdi, and washing bars. Over the years, the company has put efforts towards building its brand through marketing and brand-building initiatives, resulting in a positive brand recall among its target audience which has helped the company establish a loyal customer base.

Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ Carry out the Offer for Sale of up to 16,209,476 Equity Shares aggregating up to Rs. 6,500 million by the Selling Shareholders; and
- ⇒ Achieve the benefits of listing the equity shares on the stock exchanges.

Investment Rationale

Strong distribution network a key enabler for market share gains in future

The company has three depots and 617 distributors, which help the company reach retailers located across 10 States and two Union Territories in India, including Gujarat, Maharashtra, and Uttar Pradesh. The company has developed longstanding relationship with a number of its distributors. The company’s distributors have established sales channels with conventional grocery retailers, supermarkets and hypermarkets which helps the company’s products reach the end consumers located in urban, semi-urban and rural regions efficiently. A majority of products are sold through the general trade channel which includes conventional grocery retailers, supermarkets, and hypermarkets. In addition to this, the company’s products are sold through a retail store chain in Gujarat and e-commerce platforms. The company’s products have also started to gain recognition in international markets. In the last three Fiscals and in the six months ended September 30, 2023, the company sold its products to 37 countries including Australia, Kuwait, Saudi Arabia, UAE, and the USA through direct exports.

Issue Details	
Offer Period	06th March 2024 - 11th March 2024
Price Band	Rs. 381 to Rs. 401
Bid Lot	37
Listing	BSE & NSE
Issue Size (no. of shares in mn)	16.20
Issue Size (Rs. in bn)	6.5
Face Value (Rs.)	1

Issue Structure	
QIB	50%
NIB	15%
Retail	35%

BRLM	Intensive Financial Services Pvt. Ltd., Axis Capital Ltd., JM Financial Ltd.
Registrar	Link Intime India Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	95.46	81.49
Public	4.54	18.51
Total	**100.00**	**100.00**

(Assuming issue subscribed at higher band)

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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For complaints, send email on investor@bpwealth.com.

Corporate Office :

4th floor, Rustom Bldg, 29, Veer Nariman Road, Fort, Mumbai-400001
Phone- +91 22 6159 6464 | Fax-+91 22 6159 6160 | https://stoxbox.in/

Corporate Office :

24/26, 1st floor, , Cama Building, Dalal street, Fort, Mumbai-40000