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GOPAL SNACKS LIMITED

Our Company was initially formed as a partnership firm as 'Gopal Gruh Udyog' at Rajkot, India with effect from April 1, 1999. The partnership firm was registered under the Partnership Act, 1932 with the Registrar of Firms, Rajkot Division, Rajkot on October 19, 2006. The name of the partnership firm was changed to 'Gopal Snacks' with effect from November 23, 2009, and the same was recorded by the Registrar of Firms, Rajkot Division, Rajkot on November 30, 2009. The partnership firm was subsequently converted into a joint stock company and registered as a private limited company under the Companies Act, 1956 under the name 'Gopal Snacks Private Limited' pursuant to a certificate of incorporation dated December 7, 2009, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders in its EGM held on March 15, 2023, following which the name of our Company was changed to 'Gopal Snacks Limited', and the Registrar of Companies, Gujarat at Ahmedabad ("RoC") issued a fresh certificate of incorporation on March 31, 2023. For details of changes in our Registered and Corporate Office, see "History and Certain Corporate Matters" on page 241 of the red herring prospectus dated February 28, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus").



Corporate Identity Number: U15400GJ2009PLC058781
 Registered and Corporate Office: Plot Nos. G2322, G2323 and G2324, GIDC Metoda, Taluka Lodhika, Rajkot - 360 021, Gujarat, India; Tel: +91 28 2728 7370
 Contact Person: Mayur Popalbhai Gangani, Company Secretary and Compliance Officer; E-mail: cs@gopalsnacks.com; Website: www.gopalnamkeen.com

PROMOTERS OF OUR COMPANY: BIPINBHAI VITHALBHAI HADVANI, DAKSHABEN BIPINBHAI HADVANI AND GOPAL AGRIPRODUCTS PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹1 EACH ("EQUITY SHARES") OF GOPAL SNACKS LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[•] PER EQUITY SHARE) ("OFFER PRICE") THROUGH AN OFFER FOR SALE OF UPTO [•] EQUITY SHARES AGGREGATING UP TO ₹6,500 MILLION ("OFFER FOR SALE" OR "OFFER") BY THE SELLING SHAREHOLDERS, COMPRISING OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹800 MILLION BY BIPINBHAI VITHALBHAI HADVANI, UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹5,200 MILLION BY GOPAL AGRIPRODUCTS PRIVATE LIMITED (COLLECTIVELY WITH BIPINBHAI VITHALBHAI HADVANI, THE "PROMOTER SELLING SHAREHOLDERS") AND UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹500 MILLION BY HARSH SURESHKUMAR SHAH (COLLECTIVELY WITH THE PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES"). THIS OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES, AGGREGATING UP TO ₹35.00 MILLION (CONSTITUTING UP TO [•]% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WOULD CONSTITUTE [•]% AND [•]%, RESPECTIVELY, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT OF UP TO ₹38 PER EQUITY SHARE OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND THE WEIGHTED AVERAGE COST OF ACQUISITION			
Name of Selling Shareholders	Type	Number of equity shares of face value ₹1 each offered/ amount (₹ in million)	Weighted average cost of acquisition per Equity Share (in ₹)*
Bipinbhai Vithalbhai Hadvani	Promoter Selling Shareholder	Up to [•] equity shares of face value ₹1 each aggregating up to ₹800 million	0.35
Gopal Agriproducts Private Limited	Promoter Selling Shareholder	Up to [•] equity shares of face value ₹1 each aggregating up to ₹5,200 million	158.22
Harsh Sureshkumar Shah	Other Selling Shareholder	Up to [•] equity shares of face value ₹1 each aggregating up to ₹500 million	Nil

*As certified by Maheshwari & Co., Chartered Accountants pursuant to their certificate dated February 28, 2024.

We are a fastmoving consumer goods company in India, offering ethnic snacks, western snacks and other products under our brand 'Gopal'.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

- QIB Portion: Not more than 50% of the Net Offer
- Non-Institutional Portion: Not less than 15% of the Net Offer
- Retail Portion: Not less than 35% of the Net Offer
- Employee Reservation Portion: Up to [•] Equity Shares aggregating up to ₹ 35 million

PRICE BAND: ₹381 TO ₹401 PER EQUITY SHARE OF FACE VALUE OF ₹1 EACH

THE FLOOR PRICE IS 381 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 401 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 42.24 TIMES AND AT THE CAP PRICE IS 44.46 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 121.27

BIDS CAN BE MADE FOR A MINIMUM OF 37 EQUITY SHARES AND IN MULTIPLES OF 37 EQUITY SHARES THEREAFTER

A DISCOUNT OF ₹38 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated February 29, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section on pages 129-136 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for Offer Price" section on pages 129-136 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

1. We are significantly dependent on the sale of our products namely, namkeen, gathiya and snack pellets. Our aggregate revenue from sale of namkeen, gathiya and snack pellets accounted for 88.96%, 85.25%, 81.66%, 83.24% and 77.89% of our revenue from operations in Fiscal 2021, 2022, 2023 and the six months ended September 30, 2022 and 2023 respectively. An inability to anticipate and adapt to evolving consumer tastes, preferences and demand for particular products, or ensure product quality may adversely impact demand for our products, brand loyalty and consequently our business, results of operations, financial condition and cash flows.
2. We have received eight notices under the relevant provisions of the Food Safety and Standards Act, 2006 and the rules and regulations; (i) declaring our products to be allegedly substandard or not conforming to the specifications mentioned in the packaging or adulterated; (ii) alleging misbranding or deficient packaging or misleading advertisement of our products; and (iii) misleading advertisement of our products.
3. The sale of our products is concentrated in our core market of Gujarat. In Fiscal 2021, 2022 and 2023 and the six months ended September 30, 2022 and 2023, our revenue from sale of products in Gujarat accounted for 74.31%, 76.27%, 79.08%, 79.06% and 76.49% of our revenue from operations, respectively. Any adverse developments affecting our operations in such region, could have an adverse impact on our business, financial condition, results of operations and cash flows.
4. Our operations are subject to various contamination related risks, including improper storage of our products and raw materials, adulteration of any of our products, labelling errors, and non-compliance with quality control standards. The average shelf life of our products ranges from three to six months. Any actual or alleged contamination could lead to legal liability, product liability claims, damage to brand reputation, government scrutiny, investigation or intervention and product return which, in turn, could have an adverse impact on our business, results of operations, financial condition and cash flows.
5. The Offer comprises an Offer for Sale aggregating up to ₹6,500 million and our Company will not receive any proceeds from the Offer.
6. Our manufacturing facilities are under-utilized and the capacity utilisation of our primary manufacturing facilities declined from 40.08% in Fiscal 2021 to 32.36% in Fiscal 2022 and further to 27.56% in Fiscal 2023. Under-utilisation of our existing or future primary manufacturing facilities in the future may have an adverse impact on our business, results of operations, financial condition and cash flows.

For details regarding our capacity utilisation of our primary manufacturing facilities, see "Our Business – Installed Capacity, Actual Production and Capacity Utilisation" on page 220 of the RHP.

7. The Weighted Average Cost of acquisition of all Equity Shares transacted in last three years and one year preceding the date of the RHP:

Period	Weighted average cost of acquisition (in ₹)** \$#	Cap Price is 'X' times the weighted average cost of acquisition	Range of acquisition price: Lowest price – Highest price (in ₹)** \$#
Last one year	321.00	1.25 times	₹ 321.00 - ₹ 321.00
Last eighteen months	181.73	2.21 times	Nil ^{##} - ₹ 321.00
Last three years	181.73	2.21 times	Nil ^{##} - ₹ 321.00

** As certified by Maheshwari & Co., Chartered Accountants, pursuant to their certificate dated February 28, 2024.

Pursuant to a resolution of our Board passed in their meeting held on December 22, 2022 and a resolution of our Shareholders passed in the extraordinary general meeting held on December 23, 2022, each fully paid – up equity share of our Company of face value ₹10 was subdivided into 10 Equity Shares of ₹1 each. Further, our Company has, pursuant to authorisation by a resolution of our Board dated January 7, 2023 and a resolution of our Shareholders dated January 9, 2023, issued bonus Equity Shares in the proportion of ten Equity Shares for every one existing fully paid-up Equity Share held by the Shareholders as of the record date, being January 6, 2023. The impact of the subdivision and bonus issue has been considered in the calculation of the average cost of acquisition per Equity Share.

\$ Excluding transactions of gifts.

Represents cost of bonus shares which are issued at nil consideration.

8. Weighted average cost of acquisition, floor price and cap price

Type of Transaction	Weighted average cost of acquisition per Equity Share (in ₹)^A	Floor price (i.e. ₹ 381)	Cap price (i.e. ₹ 401)
Weighted average cost of acquisition for Primary Issuance	Nil	-	-
Weighted average cost of acquisition for Secondary Transactions	158.22	2.41 times	2.53 times

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