

# GOPAL SNACKS LIMITED

(Formerly known as Gopal Snacks Private Limited)

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**BSE Limited**

Department of Corporate Services,  
Pheroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001

**National Stock Exchange Limited**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Mumbai – 400051

**Script code: 544140**

**Symbol: GOPAL**

**Sub: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Transcript of Earning Conference Call – Q2 UFR FY26**

Dear Sir / Madam,

In continuation of our letter dated 03.11.2025 for Analyst / Investor Earning Conference Call and in pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, enclosed herewith the transcript of the Earning Conference Call with the Investors and Analysts held on **Tuesday 11<sup>th</sup> November 2025 at 03:00 PM (IST)** to discuss the operations and financial performance for the quarter and half year ended on 30<sup>th</sup> September 2025.

The transcript of the Earning Conference Call will be available on the website of the Company at: [www.gopalnamkeen.com](http://www.gopalnamkeen.com)

Kindly acknowledge and take on your record. Thanking You.

Yours Faithfully,  
**For, GOPAL SNACKS LIMITED**

**CS Mayur Gangani**  
**Head – Legal & Compliance**  
**cum Company Secretary**  
**Membership No. F9980**

**Encls: a/a**

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“Gopal Snacks Limited Q2 and H1 FY26  
Earnings Conference Call”

November 11, 2025



**MANAGEMENT:** **MR. BIPIN BHAI HADVANI – CHAIRMAN AND  
MANAGING DIRECTOR**  
**MR. RIGAN RAITHATHA – CHIEF FINANCIAL OFFICER**  
**MR. NAVEEN GUPTA – CHIEF BUSINESS OFFICER**

**MODERATOR:** **MR. NITIN GUPTA – EMKAY GLOBAL FINANCIAL  
SERVICES LIMITED**



**Moderator:**

Ladies and gentlemen, good day and welcome to the Gopal Snacks Limited Earnings Call hosted by Emkay Global Financial Service Limited. As a reminder, all participants line will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Nitin Gupta from Emkay Global Financial Services Limited. Thank you and over to you, sir.

**Nitin Gupta:**

Thank you, Shashank. Good afternoon everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Bipinbhai Hadvani, Chairman and Managing Director, Naveen Gupta, Chief Business Officer and Rigan Raithatha, Chief Financial Officer. I shall now hand over the call to the management for the opening remarks. Over to you, sir.

**Naveen Gupta:**

Thank you, Nitin. Good afternoon and thank you for joining us for the earnings call. We hope you all got a chance to go through our investor presentation uploaded on the Stock Exchange. We will share our key operating and financial highlights for the quarter and half-year ended September 30, 2025. Q2 FY2026 was a quarter of steady progress and operational enhancement for Gopal Snacks. Despite a dynamic market environment, we continue to strengthen our manufacturing footprint, deepen market penetration and enhance supply chain efficiency.

Our focused execution and disciplined cost management enabled us to deliver improved profitability sequentially, reflecting the underlying resilience of our business model. Revenue from operations stood at INR 375.7 crores, up 16.6% Q-o-Q, supported by a strong traction in other product segments and a steady recovery in the core portfolio.

EBITDA margin improved to 6.4%, reflecting the benefits of operational efficiency and prudent cost control. While our gross margin expanded to 26.4% amid easing input costs. For H1 FY2026, revenue stood at INR 697.8 crores, with EBITDA term margin at 5.6%, despite continued impacts from the Rajkot-1 facility fire. During the quarter, we received an interim insurance payment of INR 19.99 crores related to Rajkot facility, with reinstatement work currently underway.

Our Gondal unit continues to ensure uninterrupted production and supply, reinforcing our manufacturing resilience. To further strengthen our regional footprint, we have entered into a long-term agreement for third-party manufacturing facilities at Hiriyur (Karnataka), and Kashipur (Uttarakhand). Together, these facilities add over 10,000 metric tons per annum of capacity, enabling us to serve southern and northern markets more efficiently and reduce lead times.

We also focus on enhancing brand presence and consumer engagement during the quarter. Our association as the official snack partner for the Filmfare Awards 2025 significantly elevated Gopal Snacks brand visibility across television, digital, and social media platforms. Alongside



refreshed packaging, improved visibility at airports and modern trade outlets, and increased participation in festive promotions have further strengthened our brand recall and market reach.

Operationally, the Modasa plant started trial production, which would improve distribution coverage across Gujarat, Rajasthan, Maharashtra, and Madhya Pradesh. Our advanced distribution management system and ERP integration have streamlined dealer-level visibility and enhanced inventory planning, resulting in improved service levels across core and focus markets. By Q2 FY26, we had 858 active distributors, reflecting steady expansion and better on-ground execution.

Looking ahead, our priorities remain centered on expanding market presence, driving efficiency through technology integration, and innovation across product lines. We continue to explore new opportunities in under-penetrated regions, while our sustained investment in branding and distribution will help us capture incremental growth in India's fast-evolving packaged snack market. With a strengthened operational foundation, expanding capacity base, and a growing distribution network, Gopal Snacks is well positioned to deliver sustainable growth and enhanced value for all stakeholders in the quarter ahead.

I would now like to invite our Chief Financial Officer, Mr. Rigan Raithatha, to share his perspective on the financial performance during the quarter.

**Rigan Raithatha:**

Thank you, Naveenji. So, good afternoon, everyone. Let me take you through the key financial highlights for the quarter and half-year ended 30th September 2025. First, starting with the quarterly performance. So, during Q2 FY26, we achieved revenue from operations of INR 375.7 crores, registering of 16.6% sequential growth.

Gross profit for the quarter stood at INR 99.2 crores, translating to a gross margin of 26.4% compared to 26% in the previous quarter. Gross profit was driven mainly by the subsidy income and the steady raw material prices. EBITDA for the quarter was 24.1 crores, reflecting a margin of 6.4%. Sequentially, margin expansion was aided by operating leverage and prudent control over discretionary spend.

Profit after tax stood at 25.7 crs, resulting in a PAT margin of 6.8% for the quarter. This includes the exceptional income of INR 21.5 crores, mainly due to interim insurance payment received from insurance company on account of fire in our Rajkot facility. Now, moving on to the half-yearly performance.

For H1 FY26, revenue from operations stood at INR 697.8 crores, while EBITDA came at 39.4 crs, reflecting a margin of 5.6%. Profit before tax, before exceptional items, stood at INR 18.7 crores, while profit after tax was INR 28.2 crores, with a margin of 4%. Y-o-Y margins for the half-year and for the quarter were impacted due to raw material price inflation, mainly due to duty impact.

Our sequential improvement demonstrates the success of our cost-saving initiatives and stable performance from our alternate production business model. As we look forward for the next half of the financial year, our Modasa plant has started the trial production, and benefits of which will be shown partially in our Q3 results and fully in Q4 results. As we look ahead, our strategy



remains focused for expanding market presence, improving operational efficiency, and driving innovation across our core and emerging product categories.

With a solid financial base, resilient manufacturing network, and disciplined capital allocation, Gopal Snacks is well-positioned to sustain its growth momentum in the coming quarters. Thank you. Over to you, Nitin.

**Moderator:** Okay. Thank you very much. We will now begin the question-answer session. The first question is from the line of Nitin Gupta from Emkay Global Financial Services Limited. Please go ahead.

**Nitin Gupta:** Yes, thanks for taking my question. My first question pertains to given the GST rate reduction. So, like other FMCG companies have also noted that there was a trade-related disruption. So, of the 7% decline in our top line, how much of this would be attributed to GST-related hiccups?

**Naveen Gupta:** Nitin, In September, many FMCG companies started deep discounting around the 5th of September to the trade as well as to the channel. GST benefit were passed on to consumers after the 22nd of September. The impact of this was less in the core states but more in the focused states. And now, from first week of November, things has started to normalise.

**Nitin Gupta:** Can you give us a quantum of how much pressure there must have been on your revenue because of this?

**Naveen Gupta:** In September in terms of value, there was an impact of around INR 8-10 crores. And in October there was an impact of INR 3-4 crores. In total, there was an impact of INR 15-18 crores.

**Nitin Gupta:** Sure, thank you. And the second question is with respect to your Modasa commissioning. First of all, congratulations. Modasa's commissioning got delayed due to the post-festive season. Can you give us an update on your guidance for the second half, how exactly is the second half going to look like?

**Naveen Gupta:** Nitin, the commissioning has been delayed for 4-5 months. So, our expectation was that if the commissioning is done on time, then we will be able to cover the lost consumer base on time. So, the current situation is that the billing for 3 hero products has started from there. We are adding one product every day. We are adding a total of 26 products. So, by the end of November, all the products will be added.

After that, we will be able to assess in the next 3 months how much revenue we are able to cover from our lost consumer base with the run rate. So, it is not possible for us to give an estimate right now.

**Nitin Gupta:** Okay, sir. Thank you..

**Moderator:** The next question is from the line of Resham Mehta from Green Edge Wealth. Please go ahead.

**Resham Mehta:** Thank you. Sir, as you were saying that we will be able to manufacture all the products from Modasa plant in the next 3 months. But, our guidance was basically to make a revenue of INR 1,750 crores for the entire year which implies that we have to make a revenue of INR 1,000 crores in H2. So, will you revise the guidance or will it remain the same?



- Naveen Gupta:** Resham ji, first of all, let me give some clarity in the interpretation. Our product basket will be completed from Modasa by the end of this month, not in the next 3 months. Got my point?
- Resham Mehta:** Yeah, yeah, sure. Understood.
- Naveen Gupta:** And the second thing is that it will definitely not be possible to meet the guidance. Initially, we were saying that we will get the commissioning in July-August. So, we were assuming that we will get the benefit in our festive season. So, our lost consumer base, which was X, will remain the same and we will cover it timely. So, we will get the subsequent benefit in H2 as well.
- But unfortunately, the commissioning got delayed because of that, the current run rate will be December onwards, December, January, February based on that, we will set our numbers for next year as well. Right now, the guidance is not being met. But we will not be able to tell you the final numbers for this year because when we get the full projected supply from Modasa, then we will be able to get the benefit as per our speed.
- For example, we have also released a TV advertisement for our marketing. The supply will also improve. The benefit of INR 8-10 crore per month or more than that, so we will not be able to meet the guidance and it is difficult to assess how much benefit we will get.
- Resham Mehta:** So, let's assume that our revenue in H1 was around INR 700 crores. So, we will be able to do at least that much in INR 700 crores in H2. It will be better than that, right? Or is it difficult to say that as well?
- Naveen Gupta:** It will be more than that. Let me tell you that last year, we had an accident on 11th December. So, November will be our first month this year when we will cross the numbers of the corresponding month. Till now, we have been back by INR 4-5 crores. But in November, we will definitely cross the corresponding numbers of last year. And after that, our numbers were down. It will definitely be more than INR 700 crores.
- Resham Mehta:** Understood. And in the 26% gross margin, what was the subsidy income?
- Rigan Raithatha:** The subsidy income in this quarter was around INR 5.3 crores.
- Resham Mehta:** And where have we recognised this?
- Rigan Raithatha:** We have shown this in other income.
- Resham Mehta:** And how much subsidy is expected in every quarter? And this subsidy is for what, basically?
- Rigan Raithatha:** So, this subsidy is for Nagpur plant which is pertaining to GST.
- Resham Mehta:** And how much subsidy income is expected in every quarter and till when will it come?
- Rigan Raithatha:** It is difficult to give expectation of subsidy income in every quarter because it is linked to GST. Secondly, we are expecting this subsidy income to come for the next 3 years.



- Resham Mehta:** Okay. And what is our outlook on input costs for all the raw material prices. I mean, your presentation shows that it is broadly stable. But there is some inflation in maida and chana. So, is that under control? Or is there anything to worry about, basically? Can we go down from the 26% gross margin or things can only improve from here?
- Rigan Raithatha:** We are expecting the balance of the remaining year, there will be more or less stable prices around it. 3-4% upward movement can come but not much in expectation. So, we are expecting to stay in this range in the overall gross profit margin.
- Resham Mehta:** Okay. And EBITDA margin which was 6.4% in Q2. We told you in the last quarter that EBITDA margin can be around 8-9% in Q4. Will there be any revision in that? Or that guidance still holds?
- Rigan Raithatha:** As Navinji said, we are assessing the situation. So, we will assess the sales number. Accordingly, we will revert back to the margin guidance.
- Resham Mehta:** Okay. And the second thing is that the lost capacity due to the fire will reinstate at two plants, correct? One is the Modasa plant where the trial runs started. And the other was due to two Rajkot plants. So, there is still a delay in commissioning in those two Rajkot plants. I think it was expected till Q4 or is it on track for now?
- Rigan Raithatha:** Yes, it is on track. One thing is that our production is not constrained anywhere. So, whatever will be in Rajkot will shift from Gondal to Rajkot. It will be a relocation of the place, our production loss is not there anywhere.
- Resham Mehta:** So, if Modasa plant is ready, why are we not confident of ramping up the revenues because in any case, if Modasa cannot ramp up, for instance, Gondal plant is already producing. Then what is the issue? Can you elaborate on this?
- Bipinbhai Hadvani:** The issue is that in Gondal plant, we produce Namkeen. And in Modasa plant we have chips plant and raw pellets and snacks. So, one distributor gets goods from two places. So, they have to order different truck for both the location. So, sometimes we have to club the distributors order., if the order does not come together, they get the goods late. Accordingly, their sales are affected. So, if all the products get from one place, they do not need to club his order with other.. So, they get the goods immediately. So, their sales increase accordingly.
- Resham Mehta:** In Modasa plant, we are announcing that we will launch all the products. We will launch a new product in a day. So, by the end of November, all the products will be produced in Modasa plant. So, what is the issue in ramping it up? Why are we not confident in the revenue growth guidance? We are not confident in the revenue growth guidance?
- Bipinbhai Hadvani:** The goods are not going to all the distributors through Modasa. The goods are going through Gondal for Saurashtra distributors . So, when the load on Gondal is reduced, we will bring the chips to Gondal. Earlier, we also bring the chips to Rajkot. So Saurashtra dealer will get all goods from Gondal plant.



**Naveen Gupta:**

I will answer your second question. This is not a question of confidence. The run rate of November is healthier. We are assessing that the supply chain disruption led to a loss of production and massive supply chain disruption.

When the supply is smooth, we get incremental business. When the supply is smooth, we get an indication in a month that our per day run rate has moved up from 4 crores to 4.5 crores. Last time we gave guidance on the assumption that our plant will start by mid-August. We do not want to repeat the mistake of giving guidance and not being able to meet it. We will first assess the per day run rate after the supply is smooth.

**Resham Mehta:**

This is related to the issue of supply chain disruption. Our distributors are not getting their goods from one factory. Does this mean that until the second plants in Rajkot are not commissioned till Q4, this problem will continue? Will the supply chain disruption be permanently solved even after the second plants in Rajkot are commissioned?

**Bipinbhai Hadvani:**

The problem will not be solved even after coming to Rajkot. Because the Namkeen that is going from the Gondal has started in Modasa. So when this Gathiya will go from Modasa, the load on the Gondal will be reduce. So, fryms which are not produce in Gondal, will start to produce from gondal and bring the chips from Modasa. So distributor will get all the products from Gondal.

**Naveen Gupta:**

If I quantify and tell you, the answer you are looking for, after getting the full product basket from Modasa, our supply chain disruption will reduce by 90%.

**Resham Mehta:**

Okay, this was the number I was looking for. Okay, understood. So, if this ramp up happens, then this supply chain disruption problem will get solved?

**Naveen Gupta:**

Yes.

**Resham Mehta:**

And this insurance claim of INR 20 crores, you have told this ad hoc. So we can assume that this is not the final one and there is still more to come? Because the loss we recorded was of INR 47 crores, against which we have got INR 20 crores?

**Rigan Raithatha:**

Now, this ad hoc payment was because our policy or our insurance process is on a restatement basis. That means we have plant & machinery, buildings, and as we restate them, the insurance company will release money against it. So this first amount was requested to the insurance company that since our quantum of loss is very big.

So against that they have released INR 20 crores ad hoc payment. Rest, not only one installment, it can be 2 or 3 installments more where we will get the money

**Resham Mehta:**

And till when is this expected, rest of the balance payments?

**Rigan Raithatha:**

As we complete them, we will get that money.

**Resham Mehta:**

So there will be some timeline for this?

**Rigan Raithatha:**

If I talk about this financial year, we are expecting the similar amount which has come now We are expecting some amount around this in this financial year.



- Resham Mehta:** And if I do the total revenues product wise, that comes to INR 349 crores, the break up you have given in the presentation. But our net revenue, the top line is around INR 370 crores So if I differentiate this, 370 minus 349, so INR 21 crores is the number. So. what is this basically? I think you have given two classifications in others. So what is this 21 crores?
- Rigan Raithatha:** Waste Namkeen, used cooking palm oil, some bakery products that comes, all that is included in that.
- Resham Mehta:** But is this number a little high at this time or generally it is in this range?
- Rigan Raithatha:** Generally, is in this range.
- Resham Mehta:** Okay. And lastly for inorganic, I think you have mentioned up to INR 200 crores. So, the acquisitions that we are thinking or seeing, has anything been identified? And if not then which kind of product profile do we want to go in? Is there a snacking category? Which geography is it in? Or is it outside Gujarat? How do we think about this? If we want to acquire something, in which space, in which geography do we want to do it?
- Rigan Raithatha:** Madam, nothing has been finalized yet, we are seeing it now but yes, one thing will be that we will acquire it, it will be in a similar kind of industry, if not same. Because similar kind of industry, when I say, it would be in the food business only. And predominantly we are focusing more on acquiring in Gujarat
- Resham Mehta:** Okay, we are thinking in Gujarat only
- Rigan Raithatha:** But it would not be in Namkeen business, our focus is less there
- Resham Mehta:** Right, Okay, thank you for answering all the questions
- Moderator:** The next question is from the line of Ishant Lalwani from Ashika Institutional Equity Please go ahead
- Ishant Lalwani:** Sir, last year you mentioned that our capacity utilization will be up to 70% in FY27 But then there was the incident of Rajkot And now sir, what is the update on capacity utilization? And till when are you thinking of achieving the 70% target?
- Rigan Raithatha:** Yes, I am saying that our current capacity utilization is around 41% to 45% It will take around 2 to 2.5 years to reach that.
- Ishant Lalwani:** Okay, and now our besan. Sir, now our capacity in the besan is 70% So, are you thinking of any expansion in that? Any capex guidance apart from the investment of INR 35 crores. Then there is a capex of INR 20 crores for Rajkot. Apart from this, will there be any other capex next year?
- Rigan Raithatha:** No, sir, we are installing a besan plant in Nagpur that is under process. There it will come a little and somewhere else, as of now we don't feel the further capacity requirement.



- Ishant Lalwani:** And sir, for this acquisition or expansion. Will we do it through internal accrual or debt? Or will there be further dilution of equity? Because I think 81% is still promoter holding and according to SEBI guidelines, you will have to reach up to 75%. So, how will the fund be in the future?
- Rigan Raithatha:** As I said, we are looking for acquisition targets. As and when we finalize, we will give you the complete update on how the funding will be arranged.
- Ishant Lalwani:** And sir, how much will be the festive season in this quarter?
- Rigan Raithatha:** Festive season, I don't understand?
- Ishant Lalwani:** Sir, due to the festive season, the overall growth that has come in this quarter. On a Q-o-Q basis, due to the festive season, Diwali and other festivals how much growth have we booked this time? Can you give us a certain idea?
- Naveen Gupta:** In Gujarat, typically, two festivals are celebrated one is Janmashtami in Saurashtra and the other is Diwali. Diwali is also in October the numbers are not included in the number of H1. So, due to the festival in September the percentage of growth we get is the same. But because our base was low and due to the supply chain issues. If we quantify it we get a positive growth of INR 10 crores due to the festival..
- Ishant Lalwani:** Sir, as the capacity utilization will be better can we expect that realizations will be better than today's levels? Or will it remain stable for a couple of quarters?
- Naveen Gupta:** Realizations will improve for two-three reasons. The first reason is that the GST relief given by the government. So, we have increased our grammage in small packets and have given some benefit to the consumer. But as a company, we were already giving more weight to the consumer. So, we expect that due to the overall weighted average GST our realization will improve by 1%-1.5%.
- Secondly, we have introduced some products like popcorn. We introduced wafer biscuits in last quarter & its run rate is Rs. 50 lakhs. Currently we launched it in Gujarat, now we will launch it in Pan-India as well. That will cross Rs. 1 crore run rate. We are also releasing a non-palm oil based product. So, our realizations will be better in that too. So, realizations will improve due to our capacity utilization and other factors as well. We are focusing on improving the product mix. In INR 5 price points sku this quarter, it has improved from 66% to 62%.
- Ishant Lalwani:** And sir, our capacity utilization will increase. We will make more products we didn't understand anything from the distribution point of view? What new markets are we targeting which regions are we exploring? Or will we do expansion in Gujarat only?
- Naveen Gupta:** In Gujarat, we said in our previous commentary that we are aiming to give double service in most of the Gujarat markets. We had to take a pause after initiating when we saw that our supply chain was not getting managed. We took a pause to increase the cost, but now we have re-initiated it the supply chain will be managed and will improve we are also starting advertisement.



We will focus on depth in Gujarat When our supply gets normalized here, we will increase the width and depth within the 350 KM vicinity of Nagpur facility. We have done a third-party tie-up in Kashipur (Uttarakhand) we will increase the depth there as well.

We have started dispatching products there from last month. And in Karnataka also the third-party tie-up has started getting reflected in other states as we started dispatching products in September.

**Ishant Lalwani:** Sir, you just told us about Uttarakhand ? So, we are planning to cater to the north region?

**Naveen Gupta:** We will cater to West UP and Central UP

**Ishant Lalwani:** Sir, will we add new warehouses there for our goods? Or how will we think of expansion?

**Naveen Gupta:** We have a third-party arrangement we are not making a complete product basket. We will make limited products there. For the sale of those limited products we will not need a warehouse for that.

**Ishant Lalwani:** Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Shrinarayan from Baroda BNP Paribas AMC. Please go ahead.

**Shrinarayan:** Hi, thank you for the opportunity. Sir, my first question is in the last quarter, you said that. The utilization of Nagpur facility is 18%? And the utilization of Gondal facility is 62%-61%. You said that it should cater to the festive demand. But still, we were not able to meet the festive demand can you highlight what happened?

**Naveen Gupta:** When we talk about the capacity utilization of the plant. In our industry, we talk about the number of Fryers we do not have any capacity constraint in Nagpur. In that belt, we have non-core states like outside Gujarat we are not a leader brand there. In the festive season, we do not get a festive benefit there. We are a INR 5 price point brand in non-core belt.

In Gujarat, as a brand, we are stronger, we get the benefit of festive in bigger and smaller packets In Gujarat, we got the same benefit in percentage terms as we get during the festive season But because our base was eroded If our base was fine, we would have got a benefit of INR 15 crores, INR 16 crores, but we got a benefit of INR 8 crores, INR 10 crores on the reduced base, there are two connections with the capacity of the plant. One is pertaining to Gujarat and the other is outside Gujarat.

**Shrinarayan:** So, basically, you said you catered to outside Gujarat from Nagpur did you face a loss in the Gujarat market due to the lack of capacity?

**Naveen Gupta:** Correct. From Nagpur, we cater to Maharashtra, MP, Chhattisgarh, Uttar Pradesh, Telangana.

**Shrinarayan:** So, what was the capacity utilization of Nagpur last quarter?

**Naveen Gupta:** Nagpur's capacity utilization is similar to last quarter.



- Shrinarayan :** So, we did not use Nagpur's capacity for Gujarat due to logistics.
- Naveen Gupta :** Yes, there is no sense to bring products from Nagur to Gujarat
- Shrinarayan:** Right. No we thought that there are two retail markets. So, margin loss made sense. But, of course, you would have a better idea but, I think we will cater festive demand from there as there is a shortage. Last time when you highlighted, we expected mid-September. So, there is not much difference but still, undercut in sales guidance. So, that is a surprise, sir?
- Naveen Gupta:** Let me answer your first question, historically after the fire incident it is not that we do not take goods from Nagpur, we bring the goods from Nagpur continuously for 4-5 months we brought goods from Nagpur 50-100 containers, but when it comes to fryums value is INR 3 lakhs per truck and to bring goods from Nagpur to Gujarat it costs INR 80,000-90,000 to INR 1 lakh per truck and we got it from third party also.
- So guidance numbers are concerned we kept it aggressive for 2-3 reasons one was we were confident that our plant will get started. If the plant would get started, we would have release our marketing and lever timely, the plant starts earlier could release our S&D attempts timely release. Now this from December first week because we will get product basket complete so month on month improvement will come. And I am not saying that from last year's Q4 improvement will be seen it will be seen sequentially like now from Q2 to Q1.
- Shrinarayan:** I mean of course you said it's not easy to recover lost ground on a conservative side how much time will it take recover customer base we have lost?
- Naveen Gupta:** This is what we have to assess that now when supply chain will be stable so how much we can gain per month. Keeping that in mind we are spending in two ways one is we are releasing TV advertisement I am sure you must have seen our ad in Filmfare award. And second till now for the last 11 months to retain trade and channel in the market we have been spending 2% additional.
- So I hope that the money we are spending for the next 6 months we will keep it almost same but we will increase our strength on S&D and marketing and product market. So we will assess, but on the conservative side if I say, from here we can say in 6 to 7 months we expect to recover our loss.
- Shrinarayan:** Okay, great. And sir gross margins how do you see the outlook I think pricing product basket has not increased based on your presentation. So will the gross margin remain stable or will there be improvement?
- Rigan Raithatha:** Considering our estimation according to that almost it would be in the range of 25% to 26%, some more we do not expect much change
- Shrinarayan:** Okay. Sir in capex how much is pending for this year? I think last time you gave guidance INR 30 crores to INR 35 crore for the Modasa plant right, so is that completed or how much pending from that?



- Rigan Raithatha:** Almost majority portion is completed some portion will come in Q3 because in October trial run has started, so some portion will come in October that is Q3 which will be in the range of INR 7 crores to INR 8 crores.
- Shrinarayan:** Okay. And sir this you have launched new products non-palm oil so in that what is the traction and will that be meaningful contribution or just pilot visits have you started?
- Naveen Gupta:** I will tell you we have launched popcorn 5 months back in Gujarat, so in the launch phase it's run rate was INR 53 lakhs and subsequent sales the sustainable sales that is coming through the average of INR 40 to INR 43 lakhs so by all the yardsticks anything where sub-sequential sales is more than 60% of launch phase is presumed as successful launch.
- Similarly, we have launched in wafer biscuits in Gujarat, launch phase sale was INR 53 lakhs and subsequently INR 42 lakhs sales is coming. So, we are going to release both these products from Nagpur for non-core states. Third, we have launched Jeera Papad. We launched it 2 months ago. And just give me a second. It is in the launch phase first 3 months are supposed to be launch phase. We launched Jeera Popcorn at the end of August. So it was INR 20 lakhs, INR 1.19 crore in September and INR 1.05 crore in October.
- Shrinarayan:** Okay. So, basically you are trying to grow this portfolio intensively. So that the palm oil dependency is less. Is that understanding correct?
- Naveen Gupta:** Yes, that understanding is correct. So, for product our simple yardstick is anything which is scalable and profitable simultaneously, we see the long term vision of our organization. So, in next 3 to 5 years, we intend in percentage term palm oil dependent products contribution we should reduce by 25%. For next 3 to 5 years we do this experiment. So, before doing the experiment we see how big is the market size. So, it is a scalable product, it is going to be a profitable product. Whether it will have synergy with our existing channel or not. So, we keep these 4 to 5 factors in mind.
- Shrinarayan:** Okay. And just last question from my side in acquisition, sir. So, basically are you targeting manufacturing or are you targeting acquisition for distribution? And related to that are you targeting focus states or core states?
- Rigan Raithatha:** So, our target, we are evaluating everywhere, but primarily target is in core states.
- Shrinarayan:** Core states right?
- Rigan Raithatha:** Yes, in a similar kind of way.
- Shrinarayan:** Okay and you are targeting distribution, right? Because in manufacturing you already have enough capacity. So, your focus will be on the distribution side, right?
- Naveen Gupta:** See, I told you earlier that the way we use the yardstick to produce new products, Similarly, we do an aspiration as a brand, that the product of inside home consumption should be prominent in our product basket. Since in Gujarat, there are a lot of brands to recommend here, so our



priority becomes, by default this priority becomes, that where there is a weaker brand, instead of expanding there, let's do it here.

As far as distribution is concerned, In Gujarat, our distribution is very stable and very good. So primarily, we are not thinking about acquisition from distribution perspective. We are looking for a category that does not cannibalize our existing product category, number one. Number two, which comes under the fitment of our yard vision, that how to make a brand of inside home consumption. It will not be the same category. We are masters of this category. It will be similar.

**Moderator:** Thank you. The next question is from the line of Dharmil Shah from Dalmus Capital Management. Please go ahead

**Dharmil Shah:** Thank you for this opportunity. My first question was that whatever changes have come in GST, what has been the difference in unit economics on that? Has there been any difference in channel margin? Retailers used to get INR 0.5 per packet benefit or profit. Has that changed or has the margin changed at the distributor level?

**Naveen Gupta:** In channel margin, our retention goes up by 0.5%. Earlier, we were giving 7.5% to the distributor at the gross level. Since 12% was GST, he used to get 6.6% post deducting 0.9%. Now, we are giving him 7% margin. So, on top of that if we deduct 5% then also he gets 6.6% only. Effectively, the company's retention goes up by 0.5%.

As far as the retailer is concerned, the retailer does not have any material impact. Earlier, we used to give INR 51 per Strip. Even now, we are giving INR 51 per Strip. In big packs, we have passed on the GST benefit to the consumer. So, there is no impact on the company's net-net realisation because we got it from the government and passed it on to the consumer.

**Dharmil Shah:** Okay, understood. You mentioned in the last con call that the potato stock runs for 8-9 months in the warehouse. So, the harvesting season will start in January. So, if we buy from the market, will we have to pay more for the potato, or will the gross margin decrease, or will it not have a big impact?

**Bipinbhai Hadvani:** Potato does not have a fixed season. It does not have a fixed rate. In the season, our booking is fixed. Later, we purchase the quantity for 9-10 months. Later, its age is completed. Then the potato comes from a different place. The potato that comes from Manchar, its rate is sometimes more than and sometimes less. So, its rate increases according to the season. After that, it comes from Chhindwara, Indore, and then back to Modasa. This is the availability of potatoes throughout the year.

**Naveen Gupta:** To answer your question, right now, we have potatoes till 15th December in our warehouse. After that, it is difficult to predict the rate of the new crop. It is not in anyone's hands. Last year, the rate of potatoes went up disproportionately in Q4. So, we have the cover till 15th December. We expect that we will be in control at that time.

Overall, we get 11% contribution of potato wafer. In the weighted average, last year it was difficult for us in Q4 because first, there was a fire incident. Second, the rate of potatoes went up by 3.5x. It went up to INR 35 per kg. We are expecting that it will be in control.



- Bipinbhai Hadvani:** In our Modasa plant, there is enough stock in cold storage. So, there is no problem here. But in Nagpur, we send potatoes from Modasa. So, there is a problem of sugar increase. So, we have to take it from Manchar. Even if we have stock.
- Dharmil Shah:** You have made some price changes in wafer two quarters ago. Is it still the same or have you made some changes there as well?
- Naveen Gupta:** In besan? In wafer?
- Dharmil Shah:** Yes, in wafer.
- Naveen Gupta:** If you see, in wafer, our revenue growth as compared to volume growth is higher. That is a reflection of roughly 6% higher. We have improved our realisation in wafer. We have increased our selling price.
- Dharmil Shah:** You have reduced your channel incentive.
- Naveen Gupta:** Not channel, we have reduced trade incentive. We have increased the pricing of the shopkeeper. Channel has a fixed margin, Dharmil bhai. Channel means the distributor has a fixed margin. Trade means the retailer. We have reduced the profitability of the retailer.
- Dharmil Shah:** Okay, understood. Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Devang Mehta from Bay Capital. Please go ahead.
- Devang Mehta:** Actually, this journey over the last couple of months has been a little disappointing. In terms of how you guys have guided, how eventually you have executed and what is the outcome. So, just wanted to understand because in core states, we were trying to do split distribution, that hasn't worked. In focus states growth is lagging despite we being able to supply through Nagpur facility.
- We were supposed to have a national ambassador. We haven't done that. We were supposed to do a lot of online initiatives. I was checking online, Amazon, Flipkart, own website our product is not available anywhere. Whether there is some inventory available on quick commerce. So, overall execution at a lot of places seems to be a little disappointing. Just wanted to hear your overall thoughts. How do you think to drive the business over the next 3 to 5 years?
- Naveen Gupta:** First of all, let me quantify and tell you the numbers. Our last 6 quarters e-commerce progression is INR 37 lakhs, INR 63 lakhs, INR 1.19 crores, INR 1.03 crores, INR 1.53 crores and INR 1.92 crores. In Q2, we have done INR 1.91 crores in e-commerce. H1 versus H1 has increased from INR 1 crores to INR 3.5 crores in e-commerce.
- In modern trade, our progression has been INR 23 lakhs, INR 22 lakhs, INR 23 lakhs, INR 29 lakhs, INR 78 lakhs and INR 1.32 crores. This is after the situation when our fill rate in e-commerce was not satisfactory because of various reasons. So, this is the answer to the question of e-commerce and modern trade.



We know the reason for the lack of growth in our numbers in the focus states. In the focus states, we have Rajasthan. Rajasthan was the most impacted in the percentage term in the supply chain. Western Maharashtra was impacted, then Western MP was also impacted because of that. In the focus state, we paused the task of increasing the distributor count, a lot of energy was going to retain the dealers of Gujarat.

In Gujarat, after the fire incident in the last 11 months, we have put all our efforts that we should not leave our distributors. In the last 11 months, there were three distributors who left and went into competition. So, our disproportionate focus was in Gujarat to protect our business. That also let us down in the focus states as well. But from here onwards, when our problems here get resolved, we will be able to deploy our energy in the right way in the focus states.

**Devang Mehta:**

In terms of more so, on the whole call, you are trying to explain why capacities are important. But when I see we have facility in Nagpur which could have supported our focus states like MP, Rajasthan or UP to some extent. Is it a problem of sales and marketing distribution rather than the production capability?

**Naveen Gupta:**

When the overall core of the company was disturbed, it so happened that our focus for the business development of those states from the head office was compromised. But from here onwards, we will be able to grow sequentially from those states as well.

**Devang Mehta:**

And also we had a lot of plans, wafers we will grow but that has also not worked out. So a lot of places I could see, strategically if you can give 2-3 year roadmap what is the focus area or what do you want to do that will be helpful?

**Naveen Gupta:**

If I talk about a 2-3 year roadmap, in Gujarat, we cater 2,25,000 outlets with a set of 324 distributors right now. In Gujarat, we have to do business growth in two ways; first, we have to increase the width in Gujarat and second, we have to increase the depth. So, in our current throughput per outlet, we have to bring a jump of 30-40% in the next 2 years. Now, how will this happen?

It will happen in two ways. First, we are increasing our efforts in S&D, in that, the double service that we are talking about is compulsory in urban and in rural, we will give double service in selective bits. So, with that, both the width and depth will improve. Then, the marketing that we are doing, any brand of our type gets benefits only in the core market. This is what I experienced in my previous organization as well.

So, in Gujarat, we aspire that in the next 2-3 years, our run rate per month should go beyond INR 125 crores. Now coming to the non-core state, in the non-core state, we want to do a role model by keeping Nagpur as the center, where we want to strengthen our footprint and distribution network within a radius of 350 kilometer. Now, apart from this, what other strategic things are we doing?

So, in Uttarakhand, we have just set up a third party and in Hiriya, we have done it in the south. So, by making small hubs there, where we do not need capex, we will create such clusters there, where in the area of 200-200 kilometer, we will work on our footprint network expansion and



width and depth. As far as the product basket is concerned, we have a very healthy product mix in the product basket.

For example, if you see that Gadhiya's contribution is 25-26%, Namkeen's contribution is 25-26%. Wafer is our aspiring category. We understand that the aggressive stance we have taken in the wafer has not been converted into numbers.

The aggressive stance we took in the wafer, we understand that it has not been converted into numbers. In that, the price hike we took was probably because there was a 17% gap between us and the competition. So, let's reduce that, there is some impact of that. There was some disruption in our supply chain.

So, because of that, in the distribution network, the second product goes along with the hero product. There was an impact in that. In Nagpur, with the wafers, we are putting another plant there. We are increasing the capacity in that factory which is almost installed. So after that in non-core, our sale of wafers will increase. So, behind that, the sale of other products will also increase because in non-core, our contribution of wafers will be healthier in the percentage term.

**Devang Mehta:** Correct. Thanks, I will take it offline. Thank you very much for answering the question.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to management for closing remarks.

**Rigan Raithatha:** I would like to thank everyone for joining the call. I hope we have been able to respond to all your questions adequately. For any further information, we request you to please get in touch with our investor relations team. Stay safe, stay healthy and thank you once again for joining the call. Thank you.

**Moderator:** Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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