

# 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 – Q4 AFR FY25**

Dear Sir / Madam,

In continuation of our letter dated 16.05.2025 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 Monday 26<sup>th</sup> May at 12:00 PM (IST) to discuss the operations and financial performance for the quarter and year ended on 31<sup>st</sup> March 2025.

The transcript of the Earning Conference Call will be available on the website of the Company at: [www.gopalamkeen.com](http://www.gopalamkeen.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  
Q4 FY25 Earnings Conference Call”  
May 26, 2025



**MANAGEMENT: MR. RIGAN RAITHATHA – CHIEF FINANCIAL OFFICER**  
**MR. NAVEEN GUPTA – CHIEF BUSINESS OFFICER**

**MODERATOR: MR. BHAVIK SHANKLESHA – EMKAY GLOBAL**  
**FINANCIAL SERVICES LIMITED**



**Moderator:** Ladies and gentlemen, good day, and welcome to Q4 FY25 Gopal Snacks Limited Earnings conference call hosted by Emkay Global Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

**Bhavik Shanklesha:** Good afternoon, everyone. I would like to welcome the management and thank them for this opportunity. We have with us Mr. Rigan Raithatha, Chief Financial Officer; and Mr. Naveen Gupta, Chief Business Officer.

I shall now hand over the call to the management for opening remarks. Over to you, gentlemen.

**Naveen Gupta:** Thank you, Bhavik. Good afternoon and thank you for joining us for the earning 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 full year ended 31st March, FY25.

FY2025 was a year marked by resilience, adaptability and consistent execution for Gopal Snacks. Despite a challenging external environment and muted demand trends in Q4 FY25, we remained focused on strengthening operations and building a platform for sustainable growth.

Talking about state-wise performance for full year FY25, our focus states registered a growth of 17%, driven by an expanded distribution footprint, while other states recorded 59% growth through deeper market penetration and outreach in underserved regions. Core state has degrown by 1%, largely due to operational challenges caused by fire.

Looking at segment-wise performance for full year, the Wafers segment delivered a strong growth of 41%, supported by strong marketing endeavour. Despite the impact of Rajkot facility incident, categories such as Gathiya and Namkeen continue to remain core contributors to our portfolio and we are committed to further scaling the growth in these categories.

Expansion continues to be a key pillar of our strategy. We now have a network of 852 distributors with over 180 plus new distributors added during the year, strengthening our market presence and supporting revenue growth. Our new manufacturing unit at Gondal has become operational, reaffirming our focus on production efficiency and supply chain resilience. Commencement of the Gondal plant enabled the complete phaseout of third-party manufacturing.

The company is actively working on new branding and marketing initiatives, which will be rolled out over the coming quarters. These initiatives are designed to enhance brand visibility, deepen consumer engagement and support long-term growth.



As we move forward, our strategic priorities remain centered on expanding market presence, improving operational efficiencies and fostering innovation across product lines. With a strengthened distribution network, rising capacity utilization and a diversified product portfolio, Gopal Snacks is well positioned to capture future opportunities. Our journey forward is supported by a dedicated team and trusted partnerships as we aim to deliver consistent growth and strengthen our leadership in the packaged snacks segment.

I would now like to take this opportunity to introduce our newly appointed CFO, Mr. Rigan Raithatha. He is qualified Chartered Accountant with extensive experience in accounts and finance. He will now share the financial performance of Q4 and full year FY25. Thank you.

**Rigan Raithatha:**

Thank you, Naveenji. So good afternoon to everyone. So let me begin with sharing the key financial highlights for the quarter and full year ended 31st March, 2025. So, let's take up the key financials for Q4 FY25 first.

During the quarter, we achieved revenue from operations of INR 318 crores, down by 12% from Q4 FY24, which was majorly impacted by the operational challenges caused by fire. Our gross profit for the quarter ended stood at INR 64 crores, representing a gross profit margin of 20.2% as compared to 28.1% last year.

Our margins during the period were impacted mainly by rising key raw material costs that rendered the pressure on the margins. Key raw materials such as palm oil, potato, maida flour, chana witnessed a sharp increase, which has substantially impacted our cost structure.

Palm oil increased by 54% from INR 85 per kilogram to INR 132 per kilogram, potato by 56% from INR 12 per kilogram to INR 19 per kilogram and maida flour by 21% from INR 28 per kilogram to INR 34 per kilogram. In response to that, we have undertaken multiple initiatives like downward revision in grammage in our INR 5 and INR 10 SKU of Gathiya and Namkeen products and upward revision in selling prices in larger packs.

Our EBITDA for Q4 stood at INR 2 crores with an EBITDA margin of 0.6% compared to 10.8% last year. In addition to the effect of GP, decline in EBITDA margin is also impacted due to increase in other expenses.

Further, consequent to fire incident, we have booked a total loss of INR 47 crores under exceptional items covering damages to plant and machinery, factory building and stock, which are covered under insurance claim.

Now coming to full year performance for FY25. For 12 months, we have reported the revenue from operations of INR 1,468 crores with year-on-year growth of 5%. Gross profit for full year at INR 368 crores with gross margin at 25% as compared to 28.5% in FY24, impacted due to rise in key raw material prices.

EBITDA stood at INR 105 crores with EBITDA margin at 7.2% as compared to 12% last year. In addition to the effect of GP decline is also attributed to increase in employee and other cost, advertisement costs.



Coming to our balance sheet KPIs. Our normalized ROCE stands at 15.3%, while return on equity stands at 16.4% and our asset turnover ratio is 6.9x. Our cash flow from operations stood at INR 68 crores and working capital days stood at 60 days out of which 50 days are attributable to raw material holding days. Raw materials as per our business practice are purchased in the crop season during Jan to March, which gradually declines upon conversion into the finished goods.

At last, our focus continues to remain on optimizing operational efficiency, enhancing profitability and delivering value to all our stakeholders. Over to you, Bhavik.

**Moderator:** Thank you very much. The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

**Abneesh Roy:** My first question is on the overall palm oil scenario. What we have seen is palm oil has corrected sharply. Almost it is back to where it had started, so are you also already seeing this in your buying price? And when do you see your margins fully recovering to pre-inflation, which we had seen around six months back? Do you see that in Q2? And given overall demand scenario is still a bit weak, can price cuts also happen? That is my first question.

**Rigan Raithatha:** So, thank you for the question. So, coming to the palm oil prices, yes, it has softened as compared to Q4, which was around INR 130 to INR 132 per kilogram to currently approx. INR 120 per kilogram and that is just reflecting in our purchase basket also. But it will never come to the earlier level because the duty impact, which has been levied on palm oil from 5%, which was increased to 25% in mid of half year last year, so that duty impact will remain, but it has softened up. So, it will definitely be seen in our gross margin in Q1 as well as in Q2.

**Abneesh Roy:** And there was some talk of alternate to palm oil also being used. Given the duty in palm oil never came down in spite of expectations of the industry, is there any usage of that alternate edible oil?

**Rigan Raithatha:** So, see palm oil is an essential factor in Namkeen business, so there cannot be any big alternative to palm oil because other edible oil has its own disadvantages to be used in the Namkeen business. So, palm oil continues to be part of our purchase basket.

**Abneesh Roy:** Final question, your revenue growth in Q4 seems disappointing. I do understand the capacity constraint which you had, but still, it seems lower than expectation. So, if you could talk about the market growth in your geographies and the capacity constraint. Was there any demand issue, which is the main worry now rather than the capacity constraint?

**Naveen Gupta:** Abneesh, as far as Q4 numbers are concerned, those are in line with our previous commentaries. The factory which we lost was contributing 65% of our top line. And we lost 110-man days to be very precise between Q3 and Q4. So, our per day revenue loss on weighted average was INR 1 crore. So, if we just add back those INR 100 crores to our delivered revenue, the numbers were aligned.

Now as far as slower demand and other factors are concerned, see, we have deep penetration in rural India, in rural Gujarat particularly, right. So rural demands are okay. So as of now as well,



our current quarter's numbers are aligned to our internal projections. So definitely, when we give a statement that we have made our dependence on third party to level 0, that is a perfect statement.

Having said that, so we have got product basket of, say, 95 products. So, there are several challenges in our kind of industry, which is a constraint. In fact, that when we get a third-party manufacturing, so there has to be a product basket.

**Naveen Gupta:**

Yes. So, if we were manufacturing 95 products in our factory, as of now we are manufacturing 90 products. As far as rest of five products are concerned, we cannot get it manufactured from third-party owing to quality issues and scale issues. So, demand is intact and numbers are aligned to our internal calculations.

**Abneesh Roy:**

Final question. When do you see your manufacturing being fully in place, third-party and on your own? So allied question is, when do you see Y-o-Y sales growth happen? I do understand your base becomes quite favourable when that specific quarter will come. But on a 2-year basis, which I think is the right way to look at your business now, when do you see on a 2-year basis growth coming back?

**Naveen Gupta:**

See, first question is manufacturing. Manufacturing, we will commence production in our Modasa plant by mid of July and Modasa plant will be fully operational by end of August for all the products. As far as growths are concerned, we stick to our projection of 20% growth in the current financial year over last financial year.

**Naveen Gupta:**

See, we stick to our guidance of INR 1,800 crores revenue in the current financial year, right. So, it will translate into 20% growth over last financial year. We understand that our Q4 was muted and part of Q3 was also muted. So, we have taken that into consideration. As far as 2 years growth is concerned, it will come to 28% in a base of two years.

**Moderator:**

The next question is from the line of Vishal Gutka from ASK Investment Managers.

**Vishal Gutka:**

A few questions from my side. For the core market, Gujarat, so 20% you highlighted is for India level. So, for Gujarat specifically, what are you trying, what kind of number that we are targeting in terms of sales strategy? And what initiatives are we taking to drive that growth given the competition factor is there?

Another question on the commodity basket. I think some commodities have seen deflation on a sequential basis, whereas other commodities continue to remain firm. So as a whole, what is the outlook for RM Index for FY26? And what steps are we taking to navigate the same?

And the last question was on the INR 5 pack. I think it contributes around 65% of overall sales. The number has come down over a period of time. What steps are we taking further to reduce the dependence on INR 5 pack?



- Naveen Gupta:** As far as Gujarat is concerned, on annualized basis we are projecting 15% growth. As far as focus states are concerned, we are projecting 25% growth and in other states, we are projecting 55%. So, your question was that what will be strategy to improve numbers.
- Vishal Gutka:** Numbers in Gujarat? Yes, yes, 15% growth is a very good number. So just I wanted to understand, see, one is definitely the base is favourable, apart from that, what steps are you taking to drive the growth?
- Naveen Gupta:** Our basic four pillars we already explained in our previous commentary as well. Now in Gujarat, we have laid a platform whereas we are going to double our number of salesmen who are on distributor payroll. So basically, from weekly coverage, we will start giving biweekly coverage, since our product basket have expanded. So, it becomes imperative for us that we start giving double service to an outlet. So, this is going to be a total game changer in case of Gujarat.
- Number two, as far as commodity prices and RM index is concerned, I think Mr. Rigan will be able to answer this question.
- Rigan Raithatha:** Yes. So, in terms of commodity prices, yes, those are started seeing like palm oil has reduced 7% to 8%, chana has reduced by 5% odd. So, this will definitely have a positive impact in terms of our raw material basket as well as gross margin.
- Naveen Gupta:** As far as INR 5 MRP pack is concerned to bring down dependency on INR 5 MRP packs. So, there are 2-3 things which are going to help us in terms of reducing our dependency not only on INR 5 MRP pack rather on palm oil-based products as well. One is once we roll out our marketing endeavour, which will be a full-blown TV advertisement. So that definitely uplifts brand's perception in consumers' mind. So, we are trying to promote our 10 MRP packs in Wafer category. It has a positive cascade effect on other categories as well. Other category also starts selling in higher MRP products.
- Naveen Gupta:** Yes. So, we introduced Standby pouches, which we did successful placement at quick commerce platforms and modern trade platforms. Its full benefit is yet to get reflected in numbers. Having said that, we are confident that by all the means, I mean, one, by product management and the other by marketing endeavour, we'll be able to uplift the purchase perception in consumers' mind. So, our contribution of larger pack will come either at par with industry average or rather it will become better than industry.
- Vishal Gutka:** Got it. Sir, just two adjoining questions. One was you told that in Gujarat, you are trying to increase the feet on street, because the range has gone up. So, there will be a meaningful uptick in employee cost for Gujarat market because you're planning to do servicing bimonthly or biweekly?
- And second question is if you can give any guidance on EBITDA margin for FY26 or gross margin guidance if you can provide, it would be really helpful.
- Naveen Gupta:** Answering your first question, after this fire incident, we put all out efforts through trade marketing route to retain our market share or how not to lose our market share. When we say that deployment of additional feet on street, so we'll be partially subsidizing those salesmen.



However, the overall cost will not go up by 0.1% even, the reason being that we are slowly withdrawing the trade marketing input, trade load through the retailer. So, it becomes the key. So, it will not impact, it is well within budgeted numbers.

**Rigan Raithatha:** Answering your second question pertaining to gross margin. So, as currently raw materials have started softening and we have visibility till H1 currently based on future raw material prices. So that is definitely going to have a positive impact on our gross margins and that should be better as compared to full year of FY24-FY25.

**Vishal Gutka:** If you can quantify the amount on EBITDA front and/or gross margin, based upon assuming the situation holds on as on-date. So, quantification is possible on the gross margin, EBITDA front, FY26, what numbers you're looking at?

**Rigan Raithatha:** So yes, see it is difficult to quantify currently because we have just started the financial year. But yes, it would be definitely better than current year of FY24-FY25.

**Vishal Gutka:** All the best for the coming year, to Naveen and team.

**Moderator:** Thank you. The next question is from the line of Resha Mehta from GreenEdge Wealth Services. Please go ahead.

**Resha Mehta:** So, the first question is basically, I think we've guided for around INR 1,800 crores of revenues for the current financial year. And if we look at the current quarterly run rate, that is close to around INR 300 crores, right?

**Naveen Gupta:** Yes.

**Resha Mehta:** And so, which effectively, let's say, if we were to assume that in Q1 and Q2, we are able to reach even INR 400 crores kind of a revenue, which means INR 800 crores revenue for H1. And then the balance INR 1,000 crores revenue that comes in H2, it seems like a very tall number, right, to reach in H2. So how confident are we?

And while you did outline, that you made a lot of efforts to kind of maintain our market share, but still there would have definitely been some channel disturbances, right, be it in terms of our general sales or modern trade, e-commerce, because the required quantities would not have reached them. So how do we really see this achieving tall number of INR 1,000 crores or maybe it's more in H2? So just wanted to kind of get your thoughts there.

**Naveen Gupta:** Yes. So Reshaji, thank you for the question. We understand that current quarter's run rate is definitely around INR 100 crores per month only. However, there are two factors. One is whichever growth levers we are talking about, those will start delivering numbers in Q3 and Q4. We have clearly stated in our previous commentary as well that H1 is going to be muted. It will be single-digit revenue growth, right? Whereas in H2, we have planned a growth of 37% to 40% on H2. H2 versus H2.





Now how these numbers are going to come? One, I just mentioned in the previous question that in Gujarat, we are doubling our service levels. Our industry has a lot of dependence on service levels. So, Gujarat will start firing. And other states, it is going to be distribution expansion plus marketing endeavour, plus product management improvement. So even our current month's numbers are aligned to our internal plan.

**Resha Mehta:** Got it. So that does translate to INR 1,000 crores kind of a revenue for H2, which because of all these things, which you feel that it's achievable and even it's doable. Got it. And the other was on some data questions. Basically, for fire, we have booked some INR 47 crores of losses. Is there any more expected? Or are we reasonably confident that this is the final number?

**Rigan Raithatha:** Yes. So, fire loss, which we have booked for the Q4, it is more or less in line with whatever estimation and which we have received based on the surveyor's loss and all those things. So, we are not expecting any further losses on account of fire. Marginally, it might come in Q1, but it would not be major.

**Resha Mehta:** When you say marginal, would that be like INR 10 crores, INR 20 crores kind of a number

**Rigan Raithatha:** No. No. It would be, I would say, INR 3 crores to INR 4 crores, something like of that sort.

**Resha Mehta:** Understood.

**Rigan Raithatha:** That also, we have almost covered, I would say, 98% of the thing. But some might happen due to the change in estimates, which can be in the range of 5% here and there.

**Resha Mehta:** Right. And is most of the capex for the Modasa facility ramping up, is that kind of done? Or in FY26, if you could highlight what is the kind of capex number that we'll see?

**Rigan Raithatha:** So, capex, we are planning to have over there, that should get completed by, as Naveenji said, by July, and we should be getting full-fledged production coming up from the August. So, we have incurred some of the capex in restoration of our Rajkot facility, which would happen at Modasa. And so, some of would have incurred in FY24-FY25 and something would be happening in FY25-FY26 also.

**Resha Mehta:** Yes, I was looking for a number. If you could share the number for the current financial year FY25-FY26, what would that number be?

**Rigan Raithatha:** So, Modasa, we have incurred roughly around INR 9 crores in current financial year, that is FY24-FY25. And next year, we are expecting to incur another INR 30-odd crores in FY25-FY26. So that would include restoration of this facility from Rajkot to Modasa and certain other new Wafer lines also are coming up over there.

**Resha Mehta:** And any other maintenance capex that would be roughly INR 15 crores, INR 20 crores?

**Rigan Raithatha:** No, no. So, maintenance capex would be in line of INR 3 crores to INR 4 crores at Modasa.

**Resha Mehta:** Right. So give or take around like INR 35 crores, INR 40-odd crores of total capex for the full financial year. That would be a right assumption to make?



- Rigan Raithatha:** INR 35 crores should be the ideal number, which would include maintenance as well as incremental capex.
- Resha Mehta:** Right. And also, sir, now we exited Q4 by completely stopping our outsourced third-party production. Is that understanding right?
- Rigan Raithatha:** Yes.
- Resha Mehta:** But Q4 as a whole would have had some third-party outsourcing, right?
- Rigan Raithatha:** Yes.
- Resha Mehta:** So, let's say, I mean, our gross margin for Q4 was 20%. If there were no outsourcing to third-party, right, so what would have been our gross margin? Because we would have incurred additional logistics and manufacturing costs because of outsourcing to third parties. So, if this factor was not there?
- Rigan Raithatha:** Yes. Its expected average impact was 1.5%.
- Resha Mehta:** So, the gross margin would have looked something like 21.5%?
- Rigan Raithatha:** Yes.
- Resha Mehta:** And lastly, one question. Sir, because of unfortunate fire disturbance, right, and probably our corporate office would also be impacted, would have got shifted. So, have you seen any kind of major churn or disenchantment within or with people, because they would have had to move places or work in a mix shift arrangement? And how are we kind of handling that if that has been an issue?
- Naveen Gupta:** Yes, Reshaji, that's a very good question. In fact, if you would not have asked, then we would have missed this question. Very good achievement, I would say. One is amongst 300 distributors of Gujarat, there was only one casualty. Only one distributor left us post fire incident. Now as far as employees are concerned, I would say nobody has left. Right now, we are functioning from four makeshift offices, which are in vicinity of 500 meters of our corporate office.
- And today only, we have started restoration of our corporate office work as well. So, owing to this fire incident, we did not lose any talent, any resource or any channel partner as such.
- Resha Mehta:** Great. All right, sir. That's it from me and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Shrinarayan Mishra from Baroda BNP Paribas. Please go ahead.
- Shrinarayan Mishra:** Thank you for the opportunity. Sir, my first question is on the margins. Given that we'll be commencing our operations in the Modasa plant by July and fully we'll be operationalizing by Aug. So, if we try to gauge the margin trajectory, will it be kind of high single-digit, mid- to high single-digit in H1 and then in H2, we expect it to be maybe low double-digit to mid-teens?



- Rigan Raithatha:** Yes. So, our Modasa plant will fully become operational by end of August. That's what we are projecting. And in terms of margins, yes, H2 should be better because what we are projecting in H2, our majority of sales that is to 30% to 35%.
- Rigan Raithatha:** Yes. So H2 margin should be better than H1 because our sales growth rate would come majorly in H2. So, in terms of margin guidance, yes, H1 should be somewhere in terms of mid- to higher single digit and H2 should be higher than H1. Shrinarayan let me put in a different perspective. Our efficiencies and our operational margins are better in Gujarat versus rest of the states. When we talk about better numbers in Gujarat, so that definitely gets gross margins as well.
- Shrinarayan Mishra:** No, agree. But on a full year basis, because of the additional cost to ramp up the plant, the full year margins would be lower than March FY24 or in the similar range?
- Rigan Raithatha:** No. So full year margins would be better than FY24-FY25. And in terms of ramping up, yes, our capex are fully insured. So, it's not same for P&L.
- Shrinarayan Mishra:** No, I'm asking with respect to FY24. So, with respect to FY24, will it be better or in same vicinity?
- Rigan Raithatha:** You're talking about margin?
- Shrinarayan Mishra:** Yes, sir.
- Rigan Raithatha:** Full year margins of FY25-FY26 will be better than FY24-FY25.
- Shrinarayan Mishra:** I agree. FY25 will be definitely better, but I'm asking with respect to FY24?
- Rigan Raithatha:** You are asking with respect to FY24?
- Shrinarayan Mishra:** Yes, FY23-FY24.
- Rigan Raithatha:** Yes. So, it would not be on the same lines as FY24. The reason being that capex appear. There is the raw material prices have impacted, some of which we have passed on to the consumer. And gradually, we would be passing on to the market as per the market condition.
- Shrinarayan Mishra:** Okay. Got it. And sir, second question on the modern trade side, I mean, before this incident happened, fire incident, we had some plans for the modern trade. Now how has that shifted? How is that delayed and how are we progressing there?
- Naveen Gupta:** We are progressing well.
- Naveen Gupta:** Yes. So, there are two national chains. One is Reliance and another is DMart. So, our footprint as well as throughput in both the chains have improved, which is culminating to a revenue



growth of 50%, 60% within these two chains. As far as regional chains are concerned, we are right now present in six regional chains, which we were not present in Q4.

Bansal Super Store, there are ten stores in Baroda, we are present there now. SG Super Mart, which is a Raipur-based company, we are present there now. There's a chain called National Handloom, we are present there now. There is a chain called Patel Retail in MMR, we are present there now. There's a chain called Haiko Supermart, we are present there now. So as far as modern trade are concerned, since we did not have products in our basket earlier, now improved product basket is helping us to improving our presence in modern trade.

**Shrinarayan Mishra:** So, sir, we could achieve this simultaneously despite that fire incident. So, I mean, how have we managed the demand between general trade and modern trade then? I mean, did we intentionally shift some of the demand from general trade to modern trade? Maybe we have lost something there in the general trade?

**Naveen Gupta:** No, no. See, Q4 was a very challenging quarter for us because it was not only production loss, the loss was also in terms of market share. Because beyond production loss, there's a whole ecosystem which became challenging. It was supply chain management, and it was a few stocks coming from the third party and all. So, we do not do anything intentional to shift our revenue from modern trade to general trade.

Modern trade, majority of items which we were serving, those SKUs are different. General trade buys different SKUs. So definitely, fill rates was a challenge to general trade as well as modern trade, but it was nothing of that sort that we shifted our demand from general trade to modern trade.

**Moderator:** The next question is from the line of Dharmil Shah from Dalmus Capital Management.

**Dharmil Shah:** So primarily, my question was on gross margins. You mentioned that FY26 gross margins would be better than FY25. So, if we take exit run rate of 21.5%, excluding the third-party manufacturing fees, I think it's a very big jump from 21% to 25%. So, are you considering the only raw material price decrease in this? Or are there any other avenues which are adding to this gross margin increase?

**Rigan Raithatha:** No. So currently, when we say there will be improvement, it is primarily on account of decrease in raw material prices that should be gaining benefit to us. And the Q4, which we see normalized was around 21.5%. So, for full year basis, we are at 25% gross margin. So, from there, we are seeing an improvement from Q4 prices.

**Dharmil Shah:** And does this include any grammage reduction or price hikes in larger packs? Or this was purely based on raw material price too?

**Naveen Gupta:** See, Dharmil bhai, on the weighted average, we passed on 4.7% gross margin impact to the consumer already by two ways. One was grammage reduction in the smaller packs and another was MRP hikes in the larger packs. So as of now, given the situation, we don't see further grammage reduction scope looking into the intensity of the competition.



Having said that, we are going to release our marketing endeavour by mid of July. That gives us a lot of confidence in terms of improving our margins by taking some money out of consumer pocket and some money out of channel's pocket and some money out of the trade pocket as well. Because in the current quarter as well and as well in the previous quarter, we spend heavily to retain our retailer base by spending higher money. So, the lower margins were attributed to 2-3 factors.

One was, of course, RM price hike, another was there was a desperation to retain market share that we should not lose our distributor, we should not lose our retailers. So, there were definitely higher spending. Now gradually, we are reducing that spending as well. When we release our marketing endeavour, so our dependency on consumer goes up and our dependency on intermediary goes down. So that will definitely help us to improve gross margins.

**Dharmil Shah:**

Understood. And secondly, if I come to the non-Gujarat revenue, you see the distributor count has decreased for focused states, particularly for Maharashtra and Rajasthan. I mean Maharashtra, I would assume was entirely serviced by the Nagpur plant. So why was this the case?

**Naveen Gupta:**

No. Maharashtra was not entirely serviced by Nagpur plant. Western parts of Western Maharashtra and Mumbai was catered by Rajkot and Modasa. Rajasthan was completely catered by Gujarat plants only, parts of Madhya Pradesh, like there were nine districts of Madhya Pradesh, which were getting catered by Gujarat plants only.

So eventually, we have not actually grown in terms of number of distributors in Q4, but we have not dropped because whatever numbers we are showing, so at four places, one is Mumbai, another is Bikaner, another is Barmer and there's one more place, Surat. So, there are four places owing to scale challenges, we converted 48 of our existing distributors to the micro distributor model. So, we appointed our existing distributor as super stockist cum distributor model. So, 48 distributors got converted to micro distributor model, which are not getting reflected directly in our staff billing.

So, we as a company, never had a super stockist model, right? We always used to proclaim that our ecosystem is so strong that we don't need super stockist model, because we didn't even need it. Right now, because of supply chain worries and issues, challenges, we decided that even in case on some business, we have to incur some additional cost to retain our market share, let's incur that cost. So that is a temporary arrangement. We'll be out of this arrangement once our production and supply chain improves.

**Dharmil Shah:**

Understood. And just to recheck, Wafers, we completely manufacture in the Modasa plant, right?

**Naveen Gupta:**

Yes.

**Dharmil Shah:**

And revenue growth for Wafers has come down in current quarter. Obviously, it has grown by 19% Y-o-Y, but Earlier, the run rate was somewhere around 40%, 55%. I mean, Modasa plant was not affected by fire or any supply chain issues, I mean any specific reason why Wafers revenue dip.



- Naveen Gupta:** Yes, that's a fair question. Actually, it went against our previous assumption. Typically, what happened then after this fire incident when supply chain issues came up, so our hero products were not available. So, we realized that we were able to sell Wafers with the help of our hero products. When hero products were not available, so throughput per outlet also went down substantially impacting Wafers business as well.
- Dharmil Shah:** And this does not have any impact from the increasing pricing for Wafers last quarter? Or is the pricing also a factor to some extent?
- Naveen Gupta:** See that's a little challenging to exactly quantify that was there any impact owing to price hike and all. We were always carrying an aspiration that our pricing has to be in line with leader's pricing. So effectively, today, at whatever price we sell to the retailer is at par with the market leader price. However, we continue to support that pricing through trade marketing route, through secondary schemes.
- But still, overall realization in Wafers have gone up by 10% in terms of charging from the retailer versus previous year. So, by end of this year, we intend to further narrow down that gap, and we intend to bring that gap maximum to the tune of 4% to 5%.
- Dharmil Shah:** And lastly, on the raw material side, the 40,000 metric ton capacities for potato warehouse, I mean, how long does it last for us? And by when do we have to rely on market sourcing?
- Naveen Gupta:** It will last up to end November. And typically, then every brand has to start procuring fresh potato from the market only from December.
- Dharmil Shah:** Understood. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ashok Shah from Eklavya Invesco Family Office.
- Ashok Shah:** Thank you for allowing me to ask question. Sir, as Gopal, we used to give more grammage compared to our competitors. So, do we have now changed that strategy and we are giving similar grammage for INR 5 and INR 10 and packaging?
- Naveen Gupta:** Ashok bhai, thank you for the question. So, I cannot give a plain answer to this question. But there are certain categories like Wafers, we are giving grammage at par with the competition. There are certain categories and subcategories like murmura-based item, whereas we are giving either at par grammage versus competition or a little higher versus competition.
- So, competition also have different benchmarks, like, Balaji can give more, Haldiram can give less. So, we are now maintaining average grammage. So somewhere we are giving more grammage, somewhere we are giving lesser grammage and somewhere we are giving average grammage.
- Ashok Shah:** So as a brand and goodwill and confidence we have received over the last few years, do we plan to reduce our grammage compared to our competitors?



- Naveen Gupta:** See, when we roll out our marketing endeavour, we will try to improve our margins by 2-3 ways. In selective products, can we take a further reduction in grammage? In selective SKUs, can we increase our MRPs? And as overall brand, can we improve our product mix? So can we sell more quantities of those products, which gives us better margin. So, we are just awaiting for our marketing campaign to release, then we will decide future course of action.
- Ashok Shah:** Sir, second half, we are planning for a major growth in our sales. So, what are the plans to increase the number of the outlet where our product is available and number of the distributors we are going to increase. So what will be size of the increase we are planning?
- Naveen Gupta:** See, in core states, we will not increase a single number of distributors from here onwards. Rather, we will increase number of their salesmen, distributor salesmen so that they start giving twice in a week coverage. So, this is how this will help in terms of increasing number of outlets width as well as depth.
- Coming to the non-core states, as of now, we are saying that we have got 854 distributors. Including micro distributor, we have 900 distributors. We aim to take this number to total 1,000, so we will increase 100 effective distributors in non-core state in the complete financial year because now our focus will shift to make the existing distributor more sustainable, and we will try to expand within 300-to-500-kilometer radius of our manufacturing facilities. So that helps us in terms of improving margin.
- Ashok Shah:** And sir, my last question, do we plan to add any new state in our business?
- Naveen Gupta:** As of now, we do not intend to add any domestic state. But in Q3, we intend to expand in our international business and that too through some strategic partnership and not direct.
- Ashok Shah:** So, what is the current sale of international business?
- Naveen Gupta:** Roughly INR 10 crores per annum.
- Ashok Shah:** Per annum. So, which we'll plan to increase to double it, at least?
- Naveen Gupta:** See, if we are able to crack some strategic partnership through some export house or some player who is already doing a good amount of exports, we actually intend to take our international business to INR 40 crores, INR 50 crores per annum. That number may not translate in the current financial year, but definitely next financial year. But we will start our work in Q3 only because by that time, our production will become stable. There's no point attempting international business at this stage, whereas we don't have stable production and stable supply chain ecosystem.
- Ashok Shah:** Thank you. Best wishes for current year.
- Moderator:** The next question is from the line of Yash Bajaj from Lucky Investment. Please go ahead.
- Yash Bajaj:** Thanks for the opportunity, Sir, just on the previous comment you mentioned that you are targeting Gujarat region to grow by 15%. Now I mean, just trying to understand the growth levers a little more deeper. I mean, this state would be more of a Gathiya-led segment. And it is



a fairly mature category in Gujarat. So, I mean, what could be the levers for Gujarat as a state growing by 15%, considering Gathiya is more penetrated. And you're not adding more distributors?

**Naveen Gupta:**

Yes. So Yash bhai, thank you for the questions. So, in Gujarat, there will be four growth levers. One is, we will continue to sell more amount of Wafers through various trade marketing endeavours as well as distribution efforts. Second is, as I stated, that our complete focus in Gujarat is to retain our distributors and not allow to slip a single distributor from our fold. So, what typically we are going to do, we are going to increase our coverage frequency at outlet from averagely 1.1 to 2 in a week. So that is definitely going to help us by improving service levels.

Third is when we do marketing endeavour, so whenever a brand like ours or a category like ours start marketing endeavour, so the biggest beneficiary state is the core state. Unlike a general perception that it will help us in footprint expansion in non-core state, rather, it helps us in terms of better offtake, better per capita consumption in the core state. And fourth and last is there will be a lot of BTL activation, a lot of consumer activation, which we intend to roll out in Gujarat, that will also help us in improving our numbers in Gujarat.

**Yash Bajaj:**

And sir, just trying to understand out of the INR 1,000 crores of Gujarat business, which would be the other 2-3 categories other than Gathiya which would be big?

**Naveen Gupta:**

Which would be the?

**Yash Bajaj:**

Which would be the other product categories other than Gathiya in Gujarat, which would be big for us? I mean, Gathiya would be one, Wafers would be another, I believe. Any other category?

**Naveen Gupta:**

Yes. The other category is Namkeen, Yash bhai, which has more than 30 products. Then third category is snack pellets. And fourth as of now is Wafers. So, we definitely will grow in Wafers tremendously, and Namkeens will be the immediate beneficiary category besides Gathiya.

**Yash Bajaj:**

But after Gathiya, Wafers would be big or Namkeen would be big in Gujarat?

**Naveen Gupta:**

Namkeen is big.

**Yash Bajaj:**

Namkeens is big. Understood, sir. Sir, and just last question is that the other category, which is other than Wafers and Gathiya, which is basically Western snacks, then Namkeen and other snacks. Any reason why we don't see much growth over there? Is it that we don't focus on that or is not a focus area? Any reason for that growth not panning out there?

**Naveen Gupta:**

Yes, Yash bhai. So, we clearly decoded that reason. But right now, we have more than 95 products in our product basket and more than 325 SKUs in our basket. So typically, the Gopal brand is known either for Gathiya or for the snack pellets. So, when our salesman goes to the market, he does not sell. He just books the order. So, this is why we are contemplating twice in a week coverage at the outlets.





There are different models which work when we speak about split coverage. So that is the key reason that salesman or distributor typically sells only those products, which has a higher traction. So, the other products may be very big in terms of addressable market, in terms of market size and scope. But since those are not our core products, our distributor fraternity and even sales team does not focus on the other products. Now with the double coverage, with a higher coverage frequency, that focus will definitely come.

**Yash Bajaj:** So basically, we will see growth in all our categories since we are increasing our service coverage.

**Naveen Gupta:** Yes.

**Moderator:** The next question is from the line of Vishal Gutka from ASK Investment Managers.

**Vishal Gutka:** A couple of questions from my side. Sir, what was the percentage of outsourced manufacture FY25? And shall this number come down to zero in FY26? If no, then please highlight what will be the number for FY26 as well?

Second question on distribution front, I think you have approximately 900 distributors. So, what are the plans for expansion in coming 1, 2 years, FY26, what are the plans, how we plan to take it forward?

And last question on the insurance claim. I think you have filed a claim with the insurance company. So, what is the quantum of claim that you've filed? And what amount that you're expecting to receive as and when it comes, I think it may come in the medium term, it may not come in the near term. So, these are the broader questions.

**Naveen Gupta:** Vishal bhai, I'll answer your second question first, which is on number of distributors. In Gujarat, we do not intend to increase our number of distributors because our plate is full in terms of footprint in Gujarat. We intend to increase number of retailers, and we intend to increase coverage frequency in Gujarat. As far as non-core states are concerned, which includes focus and other states, we have a plan to increase 100 distributors in the current financial year. Not beyond that.

**Rigan Raithatha:** So, Vishal, to answer your first question about the outsourcing of the product. So, in Q4, we had outsourcing of roughly around 8% to 9% of our revenue. So that was the quantum of outsourcing in Q4. So that has been completely moved from mid of the March, and we have complete in-house production coming on in Q1. So, there is no outsourcing in Q1 being happening.

**Naveen Gupta:** Rigan bhai, for entire year FY25, what would be the number, percent outsourced manufacturing?

**Rigan Raithatha:** So, it was same as Q4 almost because our fire event happened in later end of the December, around 11 December. So, number remains same as a percentage of revenue almost. And regarding question on your claim. So yes, our claim amount will come. So, we have gone by the restoration of our original assets. So as and when we'll start restoring the original assets in terms of plant and machinery and building, the claim will flow to us.



And we have the enough claim in terms of total. Our loss was to the tune of around INR 90 crores to INR 95 crores. And considering the positive aspects coming from the insurance company, we are quite positive that we will get almost full to near to full value of the claim.

**Moderator:**

Ladies and gentlemen, we will take that as the last question. I now would like to hand the conference over to the management for closing comments.

**Rigan Raithatha:**

Yes. So, thank you. So I would like to thank everyone for joining this call. I hope me and Naveenji, we were able to respond to all your questions adequately. For any further information, we request to please get in touch with us or our investor relationship team. And wishing everyone to stay safe, stay healthy, and thank you, everyone, for joining us. 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.