



PRATAAP SNACKS LIMITED

Q1 FY25 Earnings
Presentation

2nd August 2024





DISCLAIMER

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Prataap Snacks Limited (PSL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.





THE MAIN INGREDIENTS: *Company Overview*



COMPANY AT A GLANCE



Large, compounding market

INR 508 Bn market
Growing at 14% CAGR⁽¹⁾



Market leadership

Market Leader in Rings and
Extruded Snacks,
Top 5 in Western Savoury Snacks



Significant revenue scale

FY24 Revenue of INR ~ 16.2 Bn
10-year revenue CAGR: 14%⁽²⁾



Diverse product portfolio

Over 150 SKUs across Potato
Chips, Extruded Snacks,
Namkeen and Sweet Snacks



Nationwide manufacturing & distribution footprint

15 manufacturing facilities;
Presence across ~2.5 Mn retail
outlets



Experienced Leadership

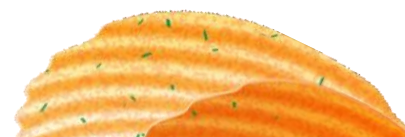
Founder-led management
team guided by an able
Board



Source: Nielsen.

(1): As of 2024, CAGR for last 6 years.

(2): Revenue CAGR from FY14 to FY24.



KEY MILESTONES



2003

Company founded

2007

Installed Chulbule plant at Prakash Snacks in Indore

2012

Doubled the capacity of Potato Chips plant at Indore

2016

Guwahati new plant commissioned

2018

Forayed into Sweet Snacks

Entered into 3P Contract Manufacturing at Kolkata -2 and Bengaluru-2

Acquired Avadh Snacks – a leading regional player in Gujarat

2020

Converted 3P facility to owned in Bengaluru, Karnataka

Commenced 3P manufacturing at Kanpur

2022

Completed restructuring of distribution pyramid

Commissioned facility in Kolkata for Extruded Snacks

Concluded merger with Avadh Snacks

2024

Consolidation of Manufacturing Units in Eastern Region. Shifted machinery from Guwahati-1 Unit to other units

Emerges as market leader in Extruded Snacks category in India

Commissioned facility in Jammu for Extruded Snacks and Rajkot - 2 Gujarat for Namkeen Snacks

2005

Set up a plant to manufacture Potato Chips in Indore

2011

Sequoia's initial investment of Rs. 620 mn Prataap Snacks
Launched Rings, Namkeen and Wheels

2014

Commissioned Guwahati plant for Rings, Chulbule and Pellets
Introduction of Scoops

2017

Successful IPO – oversubscribed 47x; listed on NSE & BSE on Oct 5, 2017

2019

Commenced 3P manufacturing at Hisar
Expanded range in sweet snacks through launch of Cup Cake, Tiffin Cake and Sandwich Cake

2021

Launched Swiss Rolls
Received approval under PLI Scheme of Government of India

2023

Commissioned facility in Kolkata for Extruded Snacks
Concluded merger of Avadh Snacks



Corporate development

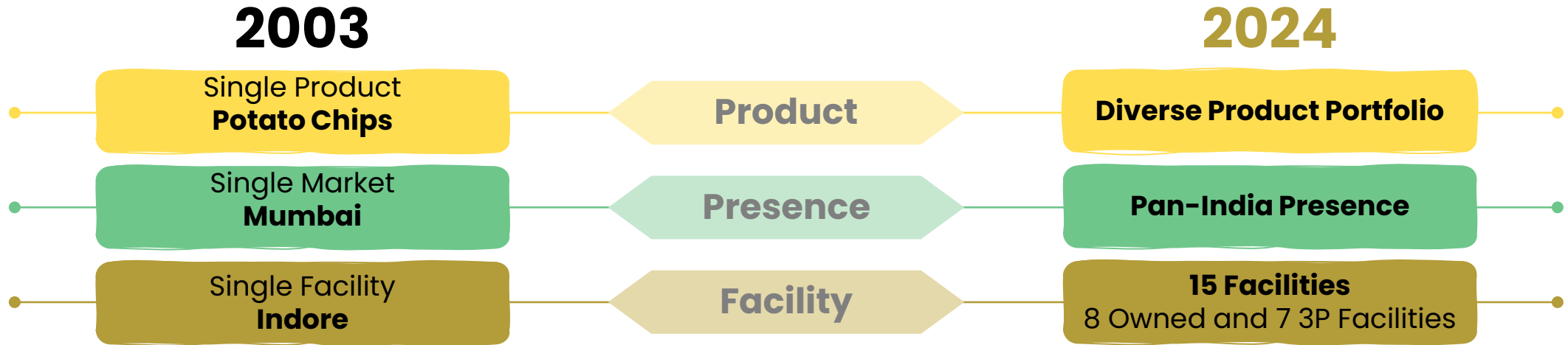


Category expansion



Geographical expansion / Facility Addition

COMPANY EVOLUTION











Snapshot of Recent Growth

2014	Revenue	2024
Rs. 446 Cr		Rs. 1,618 Cr
40+	SKUs	150+
3 Facilities	Facilities	15 Facilities

10 yr Revenue CAGR – 14% despite Covid impact

DIVERSE PRODUCT PORTFOLIO

Appealing to consumers and trade partners

CATEGORIES	% of FY24 Revenue	PRODUCTS
 <p>Extruded Snacks</p>	<p>58%</p>	 <p>Chulbule Rings Wheels Pellets Scoops Puff Stix</p>
 <p>Potato Chips</p>	<p>23%</p>	 <p>Chips Chips Chips Chips Chips</p>
 <p>Namkeen</p>	<p>16%</p>	 <p>Moong Dal Chana Masala Masala Premium Bhujia Sev Bhavnagari Gathia</p>
 <p>Sweet Snacks</p>	<p>3%</p>	 <p>Cookie -Cake Center Filled Cup Cake Choco Vanilla Cake Tiffin Cake Mango Cake Swiss Roll</p>

Market Leader in Rings and Extruded Snacks, Top 5 in Western Savoury Snacks



BRANDING & MARKETING

Brand seen to be energetic and vibrant

Brand Philosophy

Consumer oriented focus

Providing value in multiple ways – great taste, high quality ingredients, vibrant packaging, reasonable price

Dildaar hain
hu♥

Brand tagline encapsulates the philosophy of delivering value to the customer

Current Associations / Brand Ambassadors



Past Associations / Brand Ambassadors



OPERATIONAL EXCELLENCE

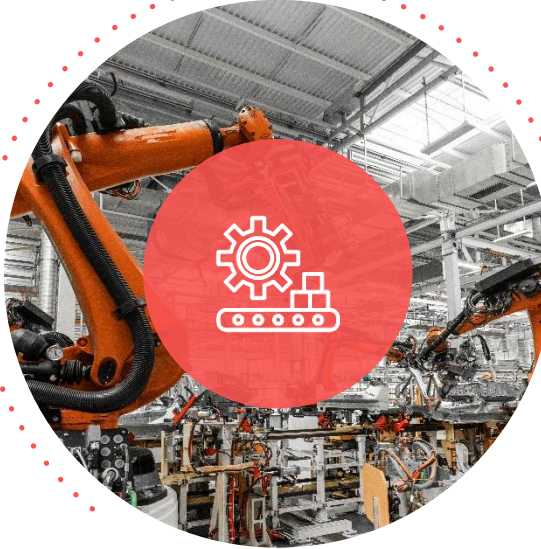
Powered by tech and automation



Data Analytics

Experienced Sales Analytics department working with advanced BI Tools

Profitability being regularly monitored and tracked at region as well as SKU level to enable decision making



Production Automation

Complete ERP Solution to manage production processes; Software deployed to manage grammage during packing process

Using advanced WMS software to manage FG inventory



Sales Automation

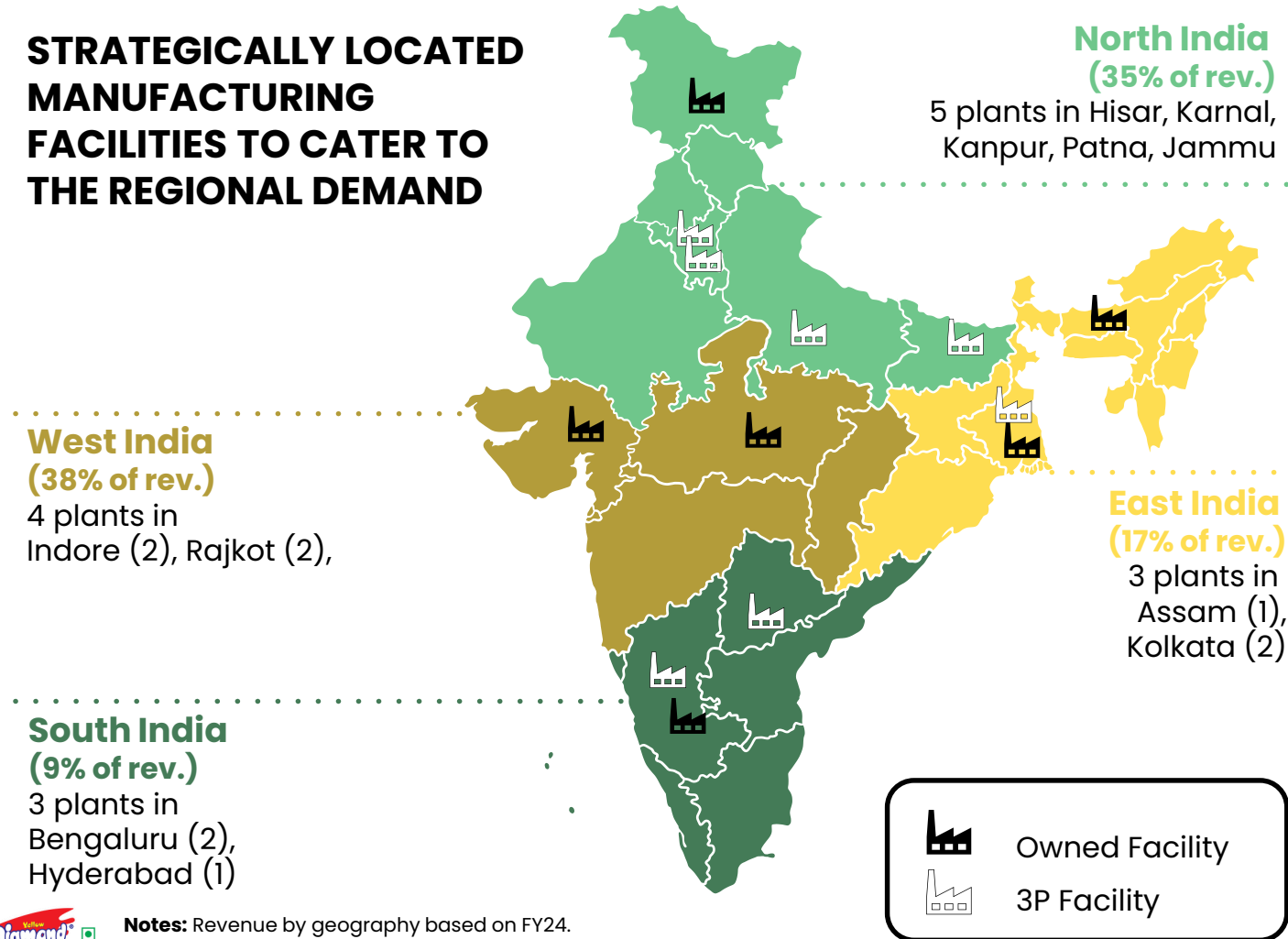
State-of-the-art SFA being used to guide sales team with assisted order taking

To identify gaps in market and optimize sales routes through geotagging of outlets

ESTABLISHED MANUFACTURING NETWORK

Reduced distribution costs; Improved time-to-market; Disciplined investment mindset

STRATEGICALLY LOCATED MANUFACTURING FACILITIES TO CATER TO THE REGIONAL DEMAND



Nationwide manufacturing footprint

- Optimised distribution cost
- Faster time-to-market



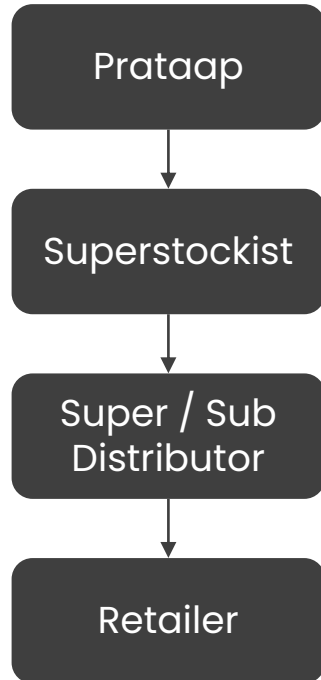
Leveraging mix of contracted and owned manufacturing

- Disciplined investment approach: Scale-up after proving market viability

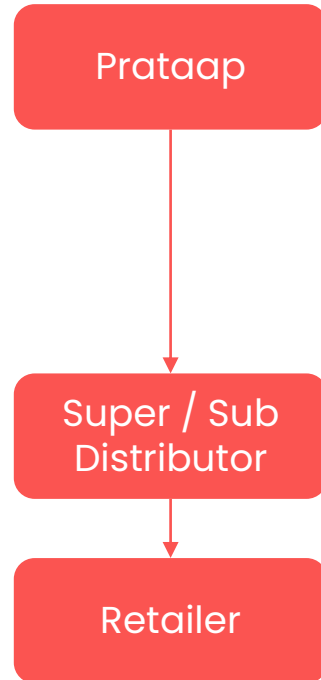
OPTIMISED DISTRIBUTION MODEL

Direct distribution model on a nationwide scale

OLD
DISTRIBUTION
MODEL



DIRECT
DISTRIBUTION
MODEL



Shifted to a direct distribution model upon hitting critical scale

- Decentralized manufacturing footprint allows us to supply directly to distributors
- Reduced distribution costs (realized ~3% improvement in EBITDA margin)

Amongst one of very few Snacks food players in India with a pan-India distribution network

- Supported by over 5,200 super/sub distributors reaching ~2.5M touchpoints across India
- Ability to tap growth across all parts of India

OUR ESG APPROACH








Cornerstones of doing good business



- Actively working in accordance with Uniform Framework for Extended Producers Responsibility (EPR) issued by the Ministry of Environment, Forest, and Climate Change
- We engage in mass collection for processing and disposal of empty packets in collaboration with accredited NGOs in several states.
- We are also exploring development and use of recyclable packaging laminate with our suppliers
- Aligned to the strategy to combat climate change and transition to a low carbon economy, our aim is to reduce our carbon footprint and reduce our energy consumption
- This will be realised through adopting solar energy in factories, increasing the use of non-fossil fuels at manufacturing facilities, incorporating energy efficient building designs, implementing energy efficient devices and implementing automated energy management solutions
- Use of bio-mass briquettes for generating heat for manufacturing process, currently representing over 45% of fuel cost
- Our newly-installed Effluent Treatment Plant (ETP) and Reverse Osmosis unit at Indore plant is helping to recycle the used water from production units which is then reused
- This has led to initial savings in overall water consumption
- We also aim to minimise our freshwater requirements through our rainwater harvesting initiative.

STRONG 'VALUE-FOR-MONEY' BRAND

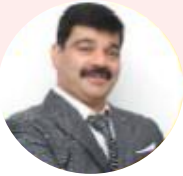
Appealing to customers across socio-demographic profiles

CATEGORIES	Rings, Kurves, Puff, Stix	CHILDREN 	YOUTH 	ADULTS/FAMILY 
 Extruded Snacks	Chulbule	✓✓	✓✓	
 Potato Chips	Potato Chips	✓✓	✓✓	✓✓
 Namkeen	Namkeen		✓✓	✓✓
 Sweet Snacks	Sweet Snacks	✓✓	✓✓	

Targeting value for money segment



Guided by an Accomplished Board



Arvind Mehta
Chairman & Executive Director

Over 35 years of experience in real estate business along with over 21 years in the snacks food industry and financing business.



Amit Kumat
Managing Director and CEO

Over 28 years of experience in the snacks food industry



Apoorva Kumat
Executive Director (Operations)

Over 28 years of experience in the snacks food industry



Vineet Kumar Kapila
Independent Director
(Retired w.e.f. 2nd August 2024)

Ex COO (RPC North of United Spirits) and Ex MD (Spencer's Retail).



Chetan Kumar Mathur
Independent Director

Ex CFO (Frito-Lay India). Over 31 years of experience in FMCG industry. Worked with PepsiCo for 23 years.



V.T. Bharadwaj
Independent Director

General Partner (A91 Partners) Over 23 years of experience in management consultancy & PE investments. Previously worked with Sequoia Capital and McKinsey & Co.



Anisha Motwani
Independent Director
(Retired w.e.f. 4th July 2024)

Partner (Storm the Norm Ventures) Earlier worked with General Motors India and Max Life Insurance Company.



Venu Vashista
Independent Director (Additional)

Vice President - Supply Chain (American Tower Corporation). Over 27 years of experience in business management. Previously worked with Procter & Gamble and Kohler Corporation.

PSL has high standards of Corporate Governance and sound internal control policies



ESSENTIAL FLAVOURS:

Growth Strategies and Financial Progress



STRATEGIC INITIATIVES

Executing on a clear roadmap for robust and disciplined growth

TOP LINE GROWTH



Expand Namkeen Footprint

~44% of snacks industry (but currently contributes to around 16% of our revenue⁽¹⁾)



Implementation of SFA to drive Range Selling

Sales force automation to optimise distribution throughput and range selling



Entered into Modern Trade and Quick Commerce

Will help to drive volumes of larger/family packs.



Addition of premium products to portfolio

Enhancement of offerings with 'Better For You' range of products

BOTTOM-LINE & CASH FLOW FOCUS



Direct Distribution Model & Channel optimization

Reducing distribution costs and time-to-market



Levers to Improve Margins

Product portfolio pruning, improving productivity, reduction in operational costs and overheads



Working Capital Improvement

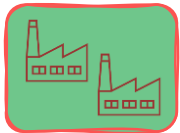
Seeking efficiencies to unlock cashflows and improve returns

MEASURES TO ENHANCE PROFITABILITY AND RETURNS



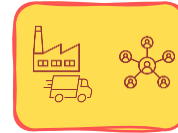
Cost optimisation

- Reduction in overheads, improvement in productivity and overall efficiency
- Indirect expenses are being saved by discontinuing less popular products



Capacity expansion

- Selective capacity expansion in target markets
- Leveraging opportunity from PLI scheme to enhance presence in high-potential underpenetrated markets



Compression of distribution structure

- PSL has implemented direct distribution across all regions, ahead of schedule
- This results in savings through lower trade margins and freight optimization



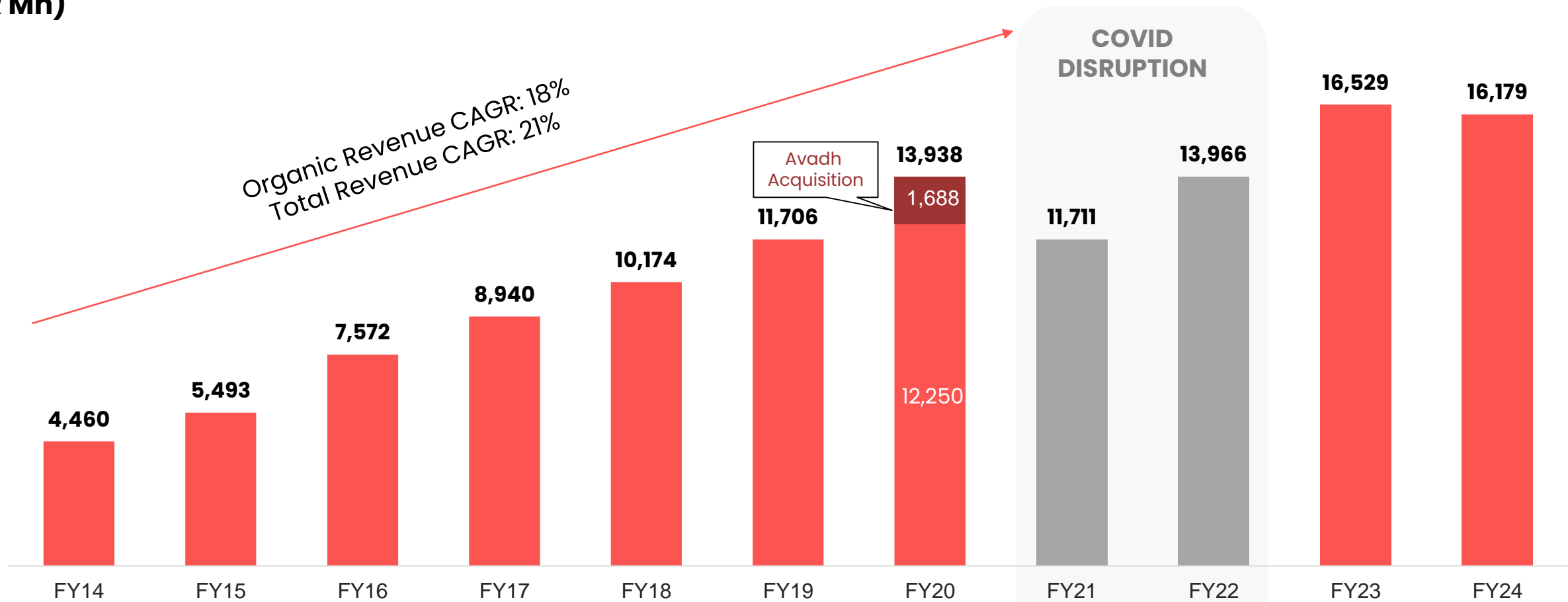
Establishing hubs across India

- PSL has established hubs in all the manufacturing facilities
- These hubs will have the entire product range and cater to proximate markets in order to optimise distribution with cost efficiency

ROBUST REVENUE GROWTH

Consistent execution track record

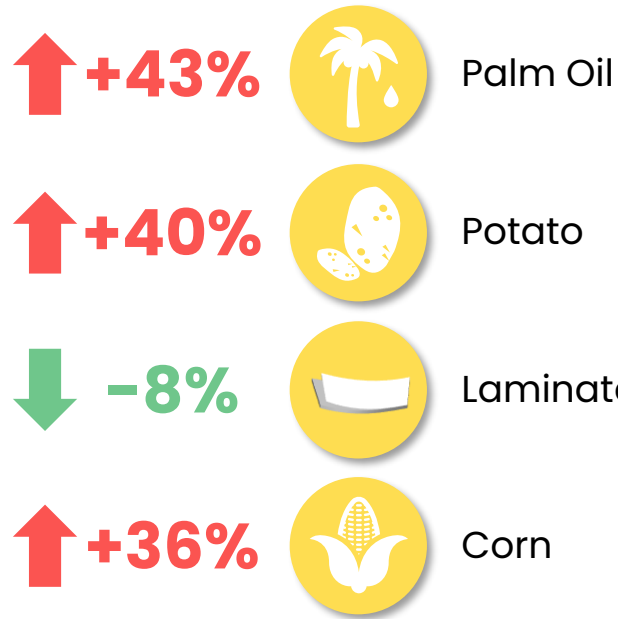
TOTAL REVENUE (INR Mn)



OVERCOMING COST PRESSURES

UNDERTOOK MULTIPLE INITIATIVES TO OVERCOME SHARP RISE IN INPUT PRICES

RM/PM Price Increase from
FY16-20 (avg) to Q1 FY25



EBITDA MARGIN (%)



There was sharp inflation in RM prices during the period compared to the average during FY16-FY20

In addition to RM prices inflation there has been a significant increase in costs of Power and Fuel as well as overheads

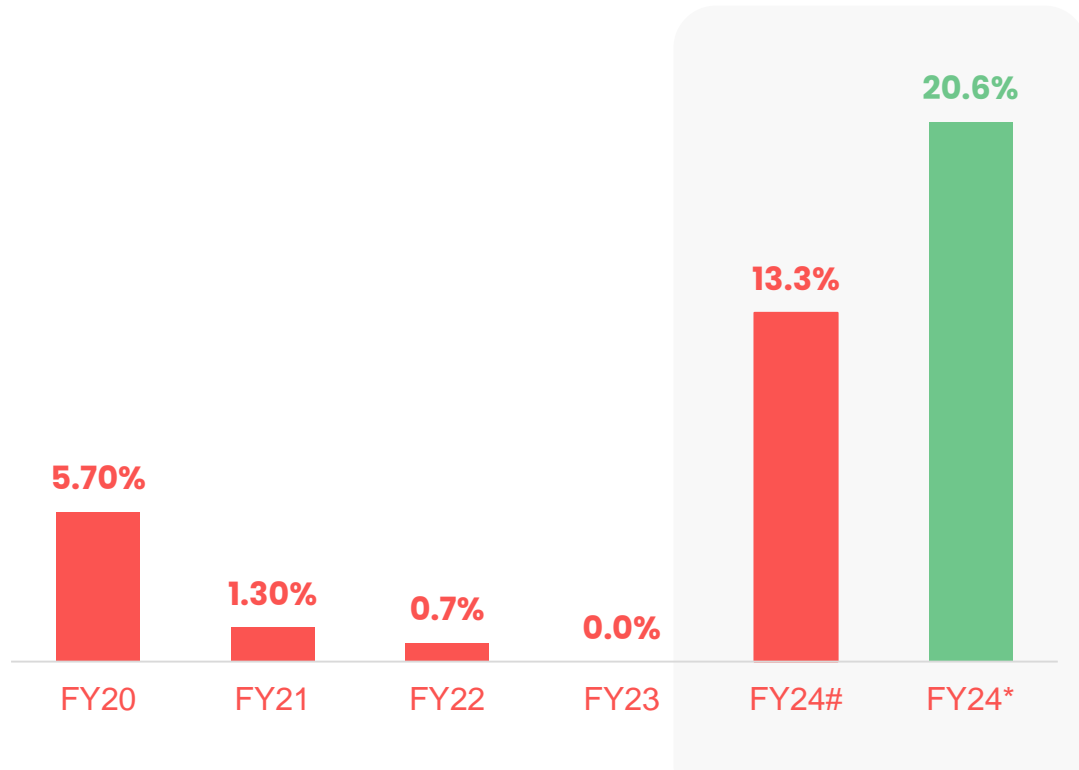
Despite these pressures, the company has demonstrated ability to improve EBITDA margin using the following levers:

- Compressed distribution structure and channel optimization
- Process reengineering and cost optimization measures
- Driven better sales realization through a mix of reduction in trade margin and rationalization of grammages

These initiatives have enabled the company to substantially recoup the impact of RM price inflation by structurally elevating the margin performance

ROCE EXPANSION

SHARP INCREASE IN RETURN RATIO WHICH IS SET TO IMPROVE FURTHER



RoCE on a consolidated basis

* RoCE calculated by excluding Avadh Snacks, which was acquired in 2018, and the Sweet Snacks business, diversification into which in 2019 led to creation of a new category as well as surplus cash balance

In line with rise in profitability the Company has witnessed a sharp improvement in RoCE

The RoCE of the core business has surpassed 20% in FY24

Further improvement in RoCE is expected due to:

- Measures undertaken to increase revenues
- Further improvement in EBITDA margin due to operating leverage
- Moderate incremental capex requirement

APPROVAL UNDER PERFORMANCE LINKED INCENTIVE ('PLI') SCHEME



Received approval under PLI scheme of the Government of India under 'Ready to Eat' segment

All products are covered under the PLI scheme except for Potato Chips

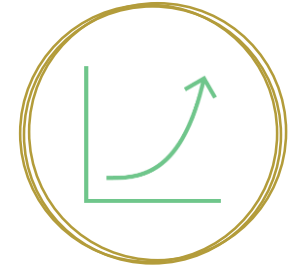


The base year for calculating the PLI benefit on-incremental sale is FY 19-20 for the first 4 years and FY 21-22 and FY 22-23 for the fifth and sixth years respectively



The minimum CAGR for sales for calculating the incentive is 10% with the maximum cap of 13% CAGR for eligible products

- From FY 21-22 to FY 24-25, the incentive rate for eligible products is 7.5% on the incremental sales over base year sales
- The incentive for FY 25-26 is 6.75% and FY 26-27 is 6% calculated on the incremental sales over base year sales



The benefit is available including growth in Avadh sales

The company has fully deployed its investment commitment aggregating to ~ Rs.105 crore as of 31st March 2024.

OUR LONG-TERM TARGET OPERATING MODEL



**CONSISTENT
GROWTH**

~15%

Revenue growth
(faster than industry)



**PROFITABILITY
CENTRIC**

>10%

EBITDA margin



**CAPITAL
EFFICIENCY**

15–20%

RoCE



PROOF OF THE PUDDING:

Q1 FY25 Performance Update



OPERATIONAL OVERVIEW

Reported Revenue of Rs. 4,214 million in Q1 FY25, higher by 8.7% YoY

- After 3 quarters of revenue decline, the Company has reported topline growth of 8.7% YoY on the back of improving consumer demand and easing macroeconomic pressures.
- Sales of Namkeen products continue to be strong and with the category of Pellet snacks, has registered strong growth in volumes this quarter.
- Initiatives of range selling and the implementation of Sales Force Automation (SFA) have also contributed to the improved revenue growth.

Reported EBITDA Rs. 300 million in Q1 FY25 with margins of 7.1%

- The company achieved an EBITDA of Rs. 300.3 million in Q1 FY25, marking the 6th consecutive quarter of delivering EBITDA exceeding Rs. 300 million.
- This consistent performance which has been achieved despite ongoing challenges underscores the company's resilience and operational excellence.
- The EBITDA margin performance for the quarter was impacted by a significant rise in the prices of key raw materials, such as potatoes.
- The company continues to undertake measures such as cost optimization, grammage adjustments, and recalibration of channel margins in order to mitigate the impact of inflation in input prices.

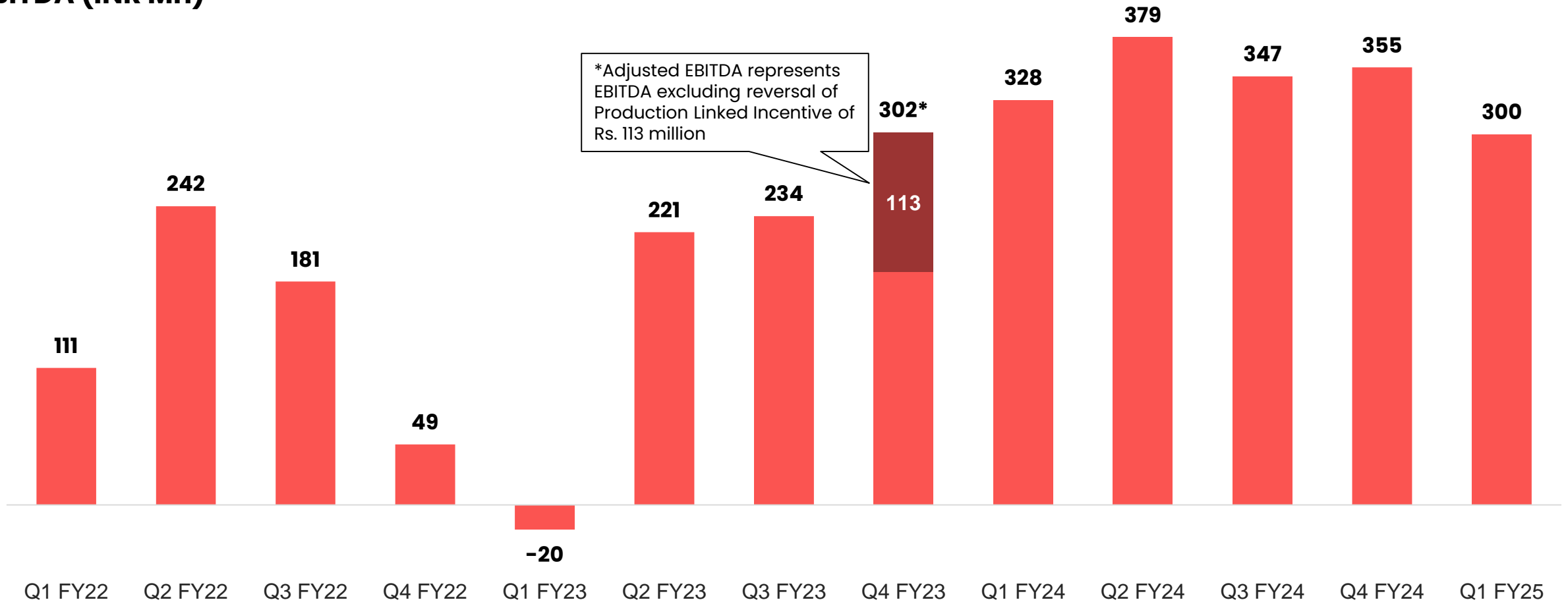
Remain Optimistic on Outlook

- The new facilities launched in Q4 FY24 have stabilized and are expected to see increased utilization in the coming quarters, signaling enhanced operational capacity.
- The company is making progress in initiatives such as new product development and building up alternate channels such as exports and quick commerce
- The company has appointed a strategic consultant for a comprehensive transformation program which is focused towards improving revenue, operational efficiency, cost optimization and distribution enhancement.
- A good monsoon and signs of improving consumer demand provide a positive outlook, supporting optimism for continued growth and profitability in the upcoming quarters.

SUSTAINING EBITDA TRAJECTORY

Reports EBITDA of over Rs. 300 Mn for sixth successive quarter

EBITDA (INR Mn)



MD & CEO's Message



**Commenting on
Q1 FY25
performance,
Mr. Amit Kumat
Managing
Director & CEO,
Prataap Snacks
Limited said:**

"We are pleased to report a positive start to FY25 as we reported revenues of Rs. 4,214.4 mn in Q1 FY25, higher by 8.7% YoY. There are initial signs of improvement in consumer demand and easing of macro-economic pressures this quarter. Further, our strategic actions of enhancing range selling and implementing Sales Force Automation (SFA) are key drivers of this performance. A key highlight has been the continued strong growth in the categories of Namkeen and Pellets.

We have reported an EBITDA of Rs. 300.3 mn in Q1 FY25, which represents the 6th consecutive quarter of EBITDA in excess of Rs. 300 mn. EBITDA has been impacted by the sharp rise in potato prices this season. We are working on measures such as cost optimization, grammage rationalization and recalibration of channel margins in order to mitigate the impact of higher potato prices.

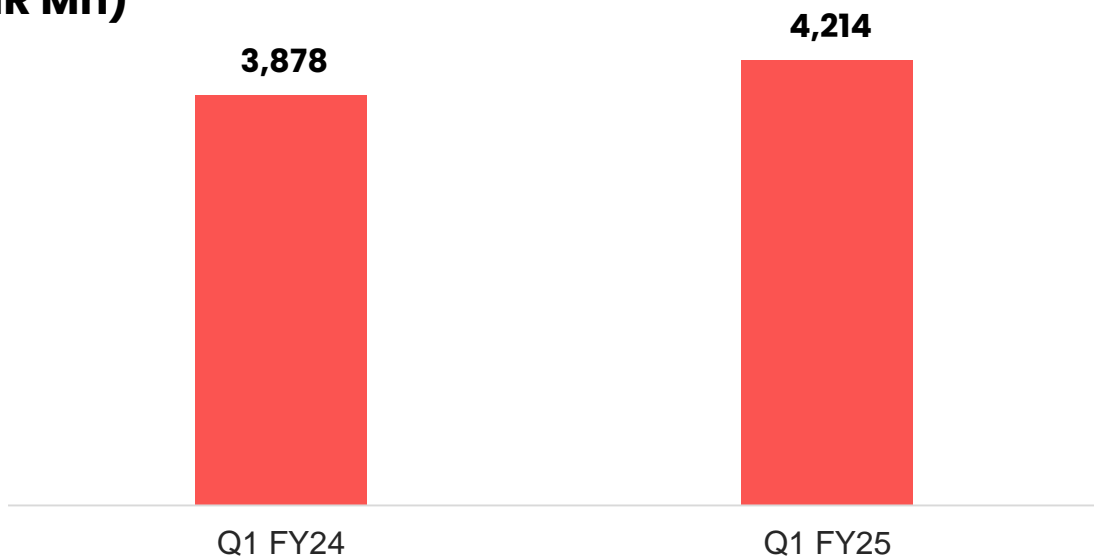
New Facilities launched in Q4 FY24 have stabilized this quarter and will see increased utilization in the coming quarters. We are also making progress on initiatives such as new product development and exports. We have appointed a strategic consultant to undertake a comprehensive transformation program in order to build upon the success of recent years. This program is focused towards improvement in revenue, operational efficiency, cost optimization and distribution enhancement. These initiatives coupled with an abundant monsoon and signs of improving consumer demand provide us optimism for the quarters ahead."

ABRIDGED P&L STATEMENT

(INR Mn)	Q1 FY'25	Q1 FY'24	Y-o-Y Change (%)
Sales/Income from operations	4,191.3	3,859.0	8.6%
Other operating Income	23.1	19.2	20.3%
Total Income from Operations	4,214.4	3,878.2	8.7%
Raw Material Cost	2,898.7	2,568.7	12.9%
Gross Profit	1,315.7	1,309.5	0.5%
<i>Gross Margin</i>	<i>31.2%</i>	<i>33.8%</i>	<i>-260 Bps</i>
EBITDA	300.3	328.5	-8.6%
<i>EBITDA margin</i>	<i>7.1%</i>	<i>8.5%</i>	<i>-140 Bps</i>
Depreciation	175.5	152.6	15.0%
Interest	18.5	13.4	38.1%
Exceptional item	0.0	9.6	NA
Profit after tax	94.4	134.2	-30%
Diluted EPS (Rs)	3.95	5.63	-29.7%

FINANCIALS – Q1 FY'25 PERFORMANCE

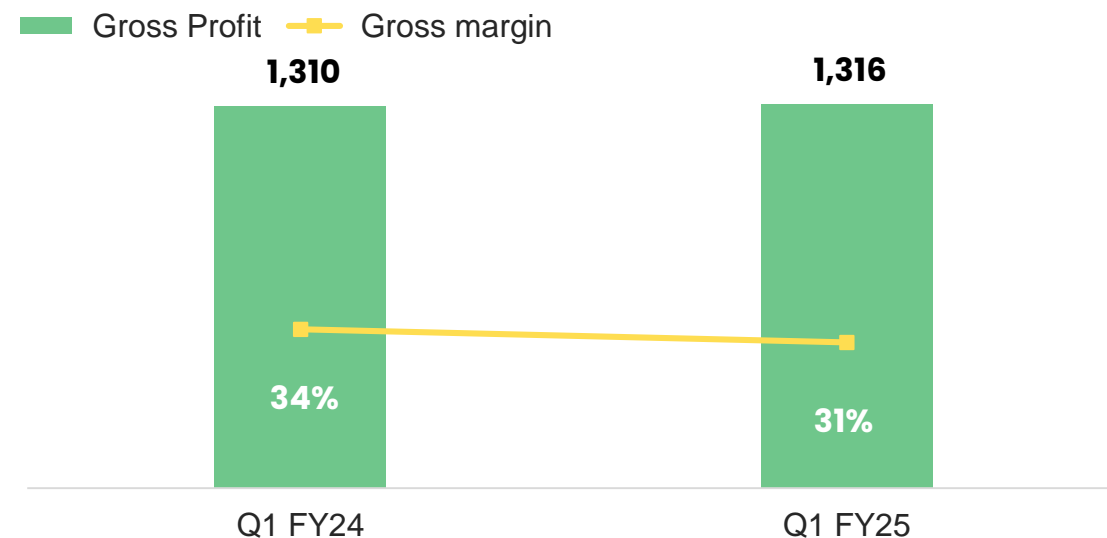
Revenue from Operations (INR Mn)



Revenue from operations grew by 9%

- Delivered improved revenue growth of 9% YoY in Q1 after three quarters of revenue decline.
- Initial signs of improvement in consumer demand coupled with initiatives of range selling and Sales Force Automation have aided the revenue growth.

Gross Profit (INR Mn)



Gross margin at 31%

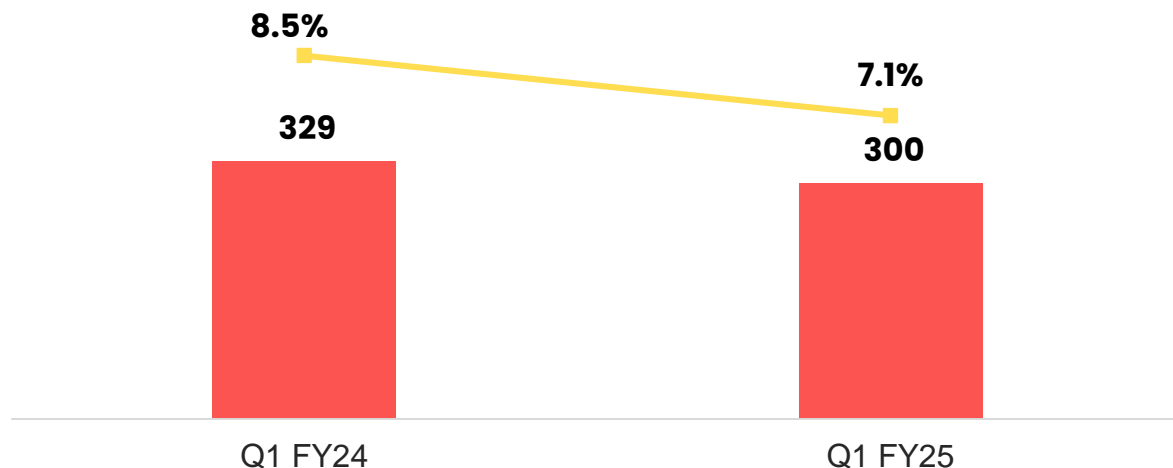
- Witnessed a sharp rise in the prices of potatoes this season which has impacted the overall gross margins
- Initiatives such as grammage rationalization and recalibration of channel margins will aid in recouping gross margin

FINANCIALS – Q1 FY'25 PERFORMANCE

EBITDA (INR Mn)

EBITDA

EBITDA margin



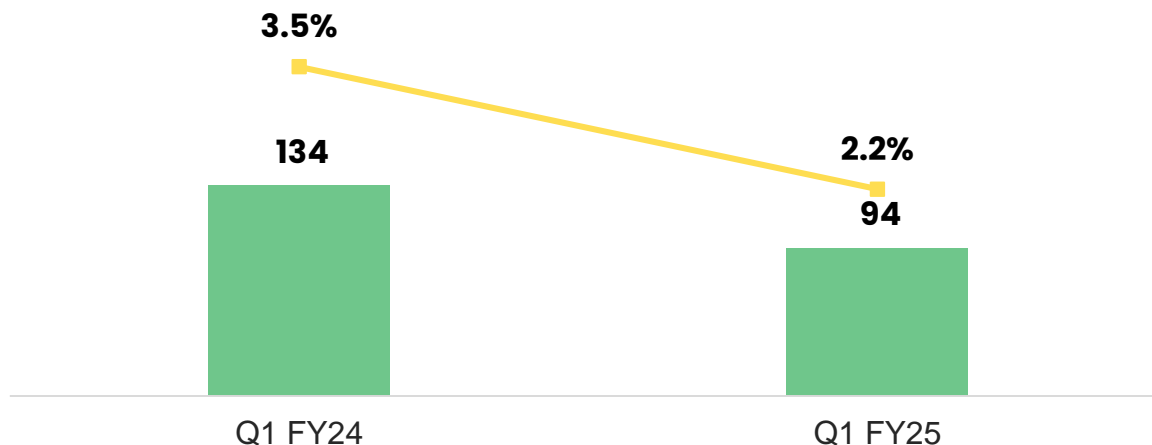
EBITDA margin stood at 7.1%

- The company has reported EBITDA of Rs. 300 mn for the sixth consecutive quarter.
- Reported EBITDA margin of 7.1% in Q1 FY25 as impact on rising input prices also affected EBITDA.
- In addition to initiatives for recouping gross margin, the company has undertaken cost optimization measures

PAT (INR Mn)

PAT*

PAT margin*

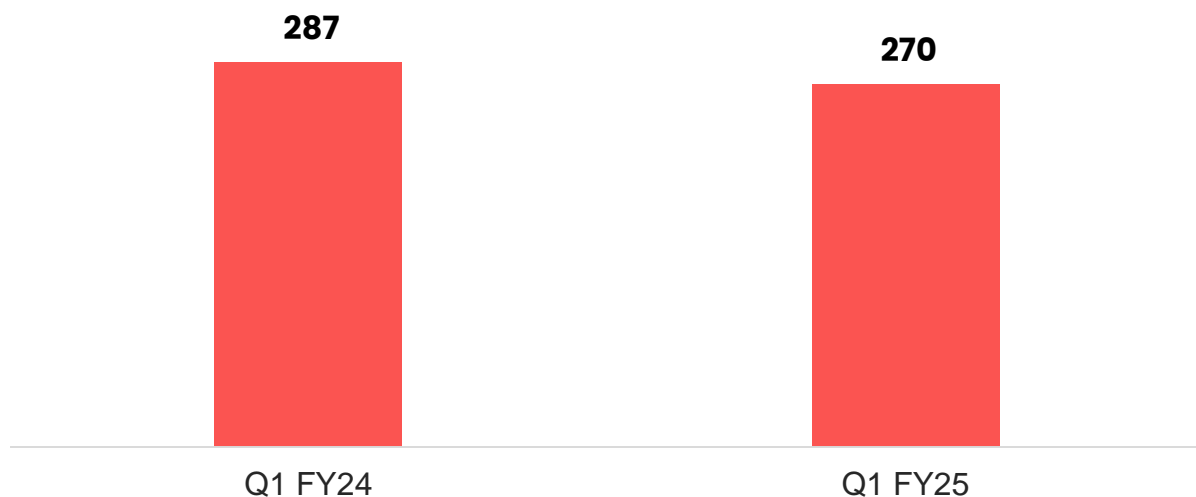


PAT margin stood at 2.2%

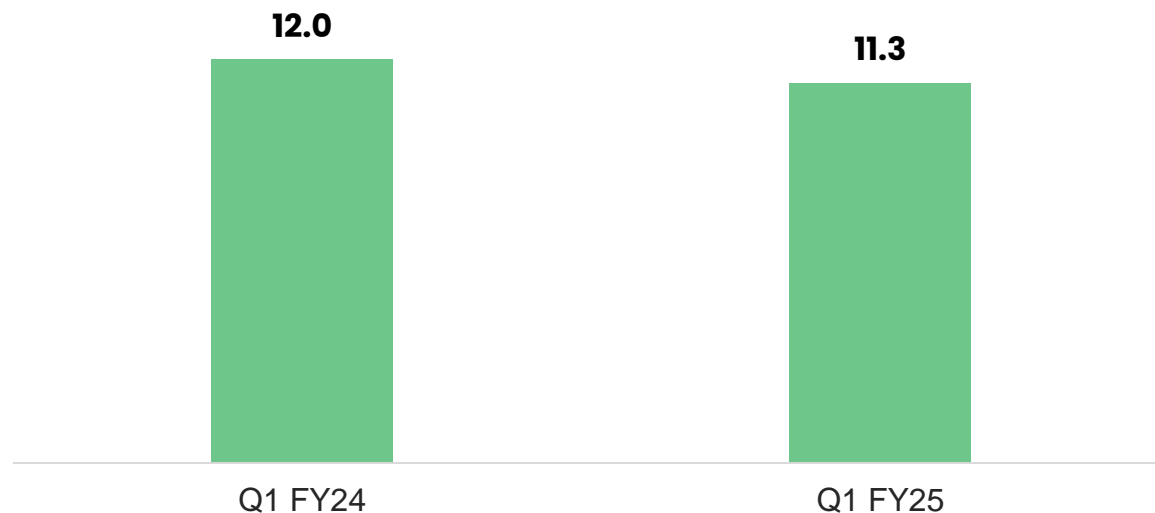
- The company reported PAT of Rs. 94 mn in Q1 FY25.
- Impact of factors affecting gross margin and EBITDA margin have also flowed down into PAT.
- Multiple initiatives underway to improve topline growth and profitability are expected to positively impact the PAT.

FINANCIALS – Q1 FY'25 PERFORMANCE

Cash profit (INR Mn)



Cash EPS (INR Mn)



Continued to generate healthy levels of Cash Profit

- Despite impact on profitability the company continues to report steady levels of Cash profit

Cash EPS remains resilient

- The Company follows a conservative accounting policy and is amortizing intangible assets of Avadh Snacks
- A lateral benefit has been contained tax outflow



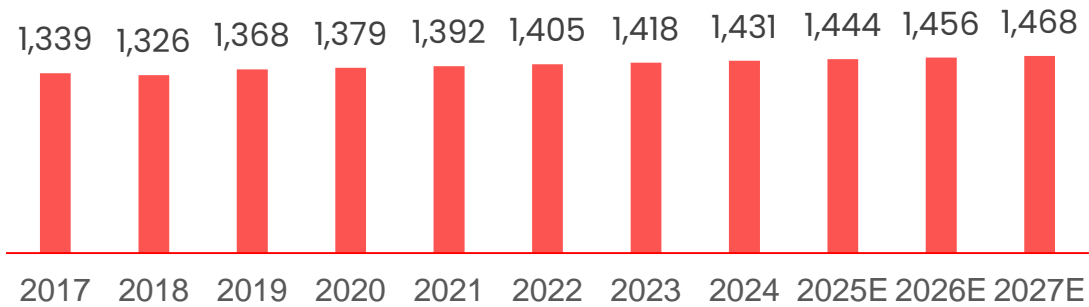
EVOLVING TASTES:

Industry Overview



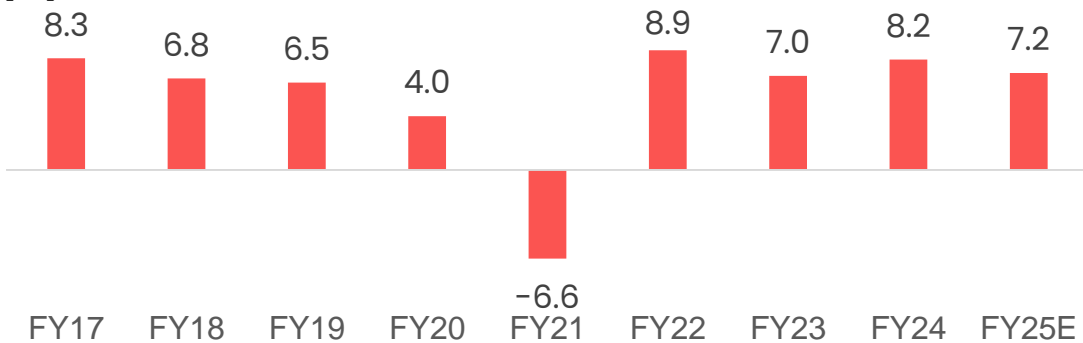
Favourable Demographics Supporting Industry Growth

India Population Trend (Millions)



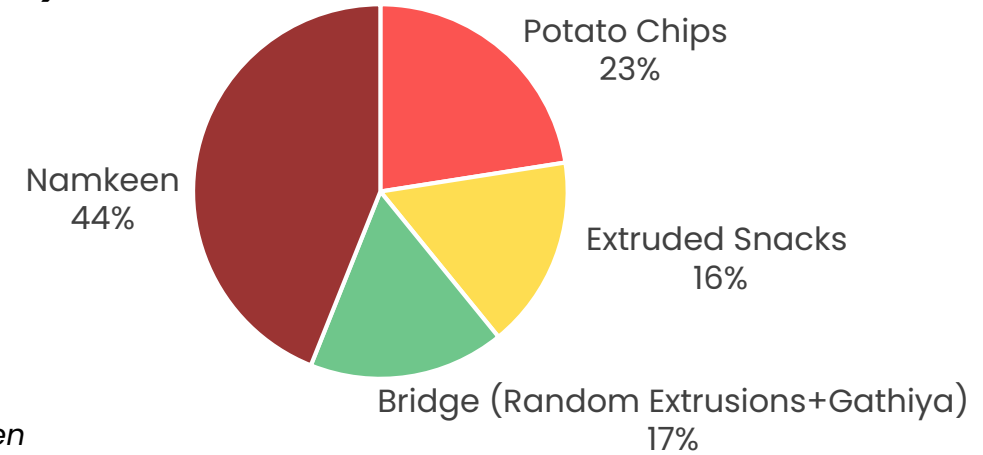
Source: Statista April 2022

India GDP Growth (%)



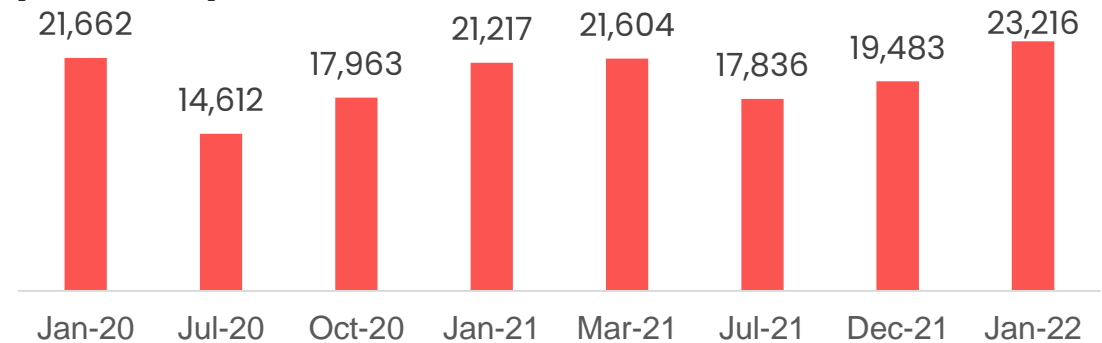
Source: [Live Mint article dated 7th June 2024](#)

Total Organized Snacks Food Market Size ~50,800 Crores (FY24)



Source: Nielsen

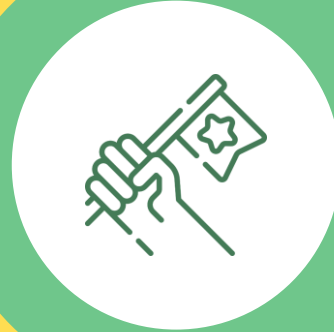
Consumer spending in India (Rs. Billion)



Source: Statista, March 2022



THANK YOU!



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