



PRATAAP SNACKS LIMITED

Q2 & H1 FY25 Earnings Presentation

11th November 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

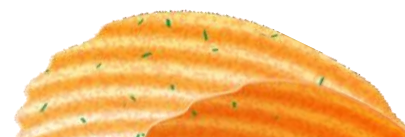
Founder-led management
team guided by an able
Board



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

2024

Peak XV Partners (formerly Sequoia Capital) sold its 47% stake in Prataap Snacks to Authum Investment & Infrastructure and Ms. Mahi Madhusudan Kela
The company ceased contract manufacturing in Bangalore and Commenced 3P manufacturing at Hazaribagh, Jharkhand
Launched Puff Corn



Corporate development

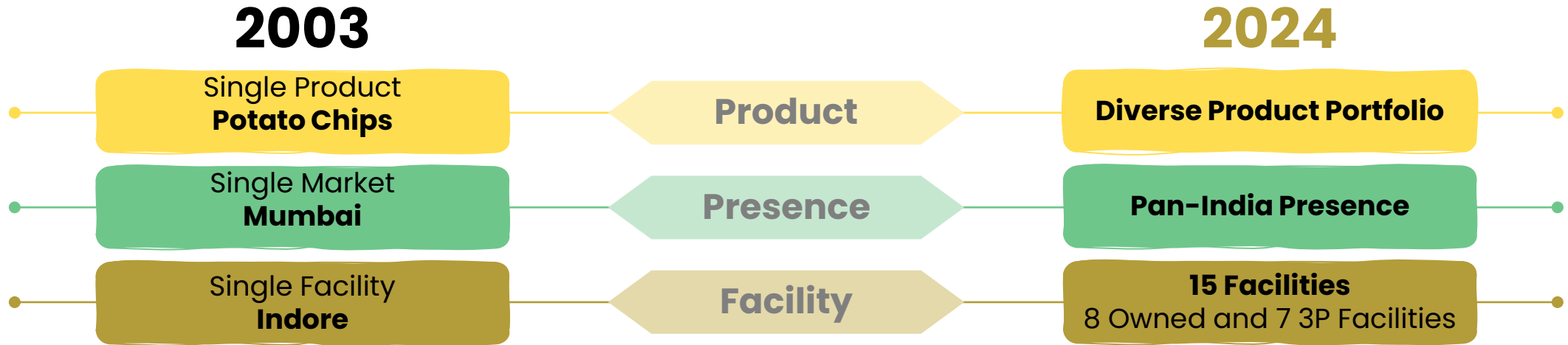


Category expansion



Geographical expansion / Facility Addition

COMPANY EVOLUTION











Snapshot of Recent Growth

2014	Rs. 446 Cr	Revenue	Rs. 1,618 Cr	2024
	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>	58%	 <p>Chulbule Rings Wheels Pipe Katori Puff Stix</p>
 <p>Potato Chips</p>	23%	
 <p>Namkeen</p>	16%	 <p>Moong Dal Aloo Bhujia Tasty-Nut Cracker Rattami Sev Bhavnagri Gathiya Sev Mamra</p>
 <p>Sweet Snacks</p>	3%	 <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

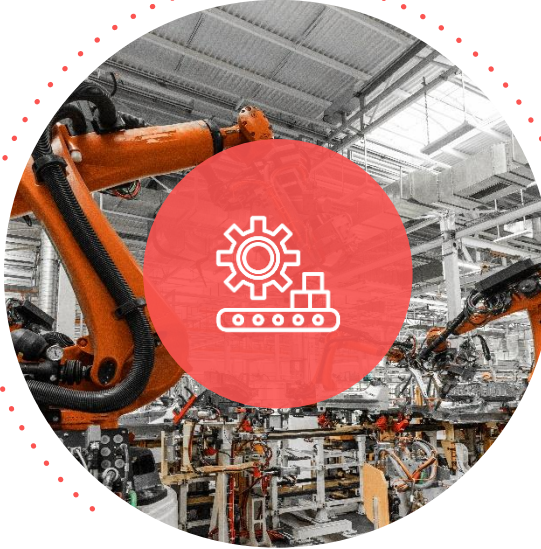
Powered by tech and automation



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

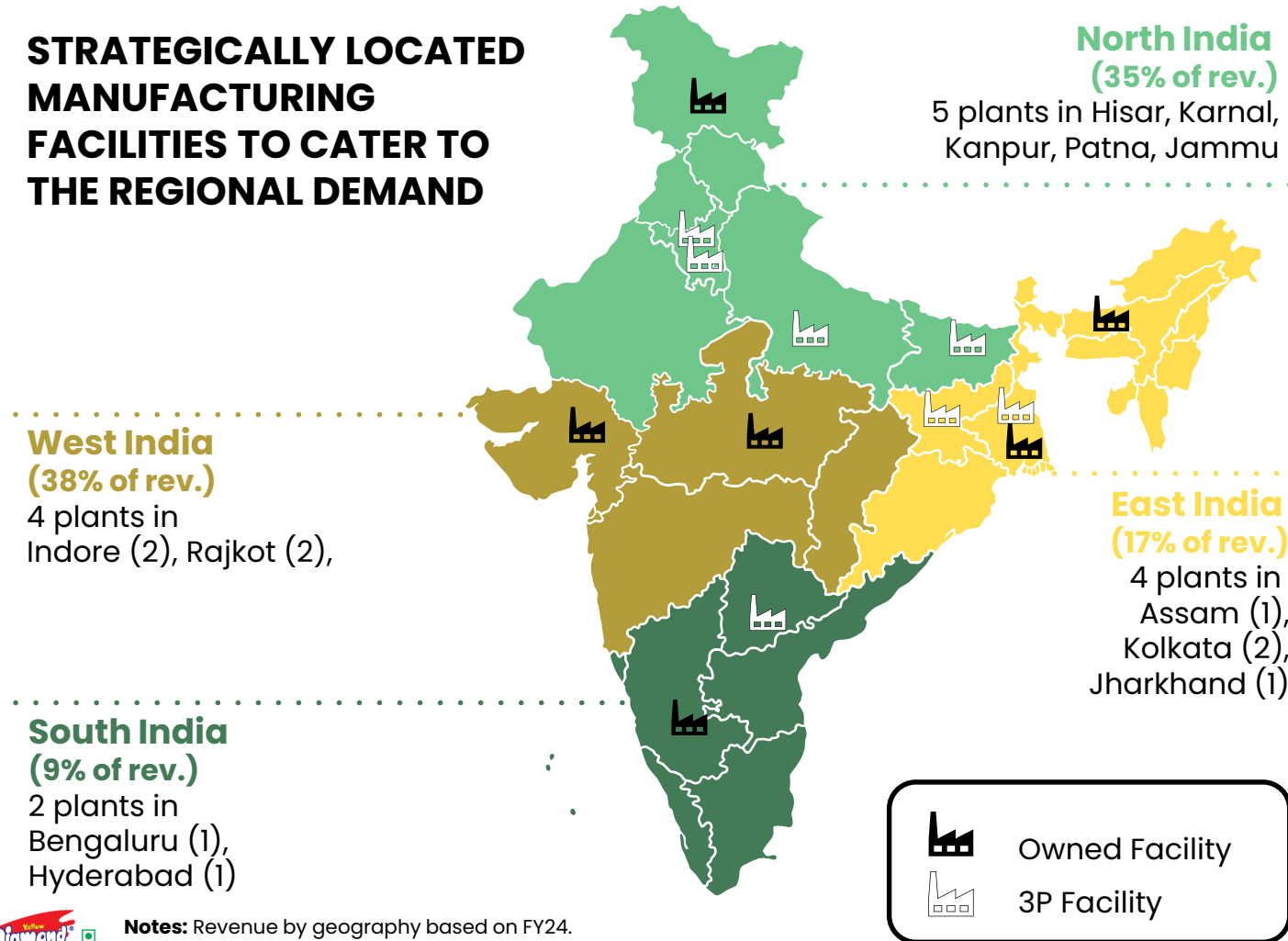
State-of-the-art SFA being used to guide sales team with assisted order taking

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



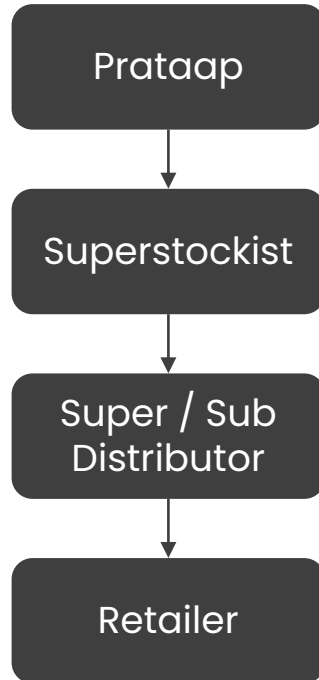
Leveraging mix of contracted and owned manufacturing

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

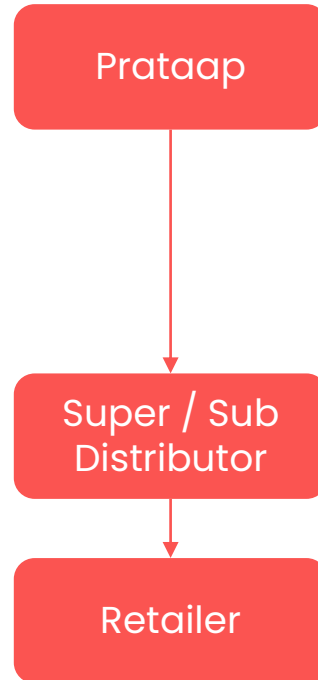
OPTIMISED DISTRIBUTION MODEL

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

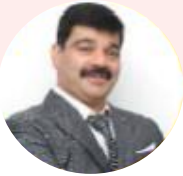
Appealing to customers across socio-demographic profiles

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

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

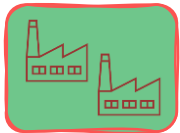
Seeking efficiencies to unlock cashflows and improve returns

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



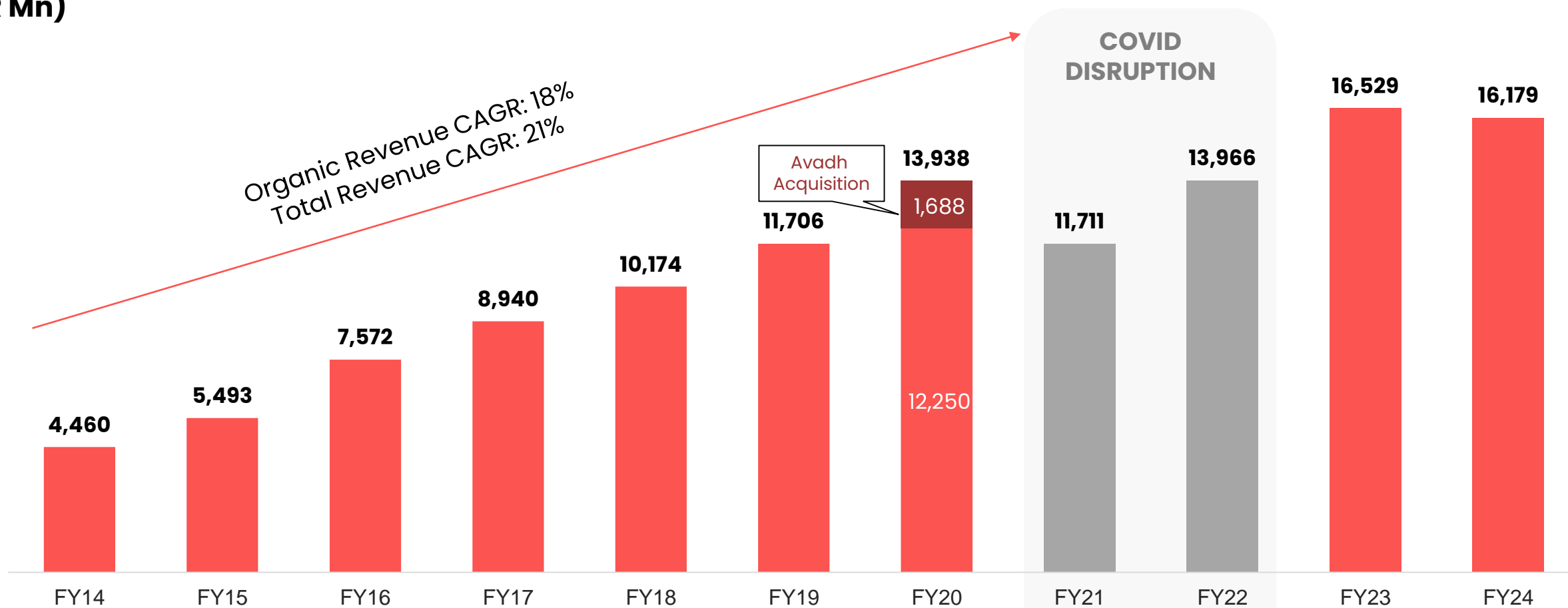
Establishing hubs across India

- 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)



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:

Q2 & H1 FY25 Performance Update



OPERATIONAL OVERVIEW

Reported Revenue from operations of Rs. 4,411 million in Q2 FY25, higher by 2% YoY

- Delivered a resilient topline performance in the backdrop of challenging macro-economic environment marked by persistently high inflationary pressures which have impacted consumer trends in key markets.
- Reported higher volumes of MRP Rs. 5 packs which represents a significant proportion of overall volumes. This category has been under stress on an industry-wide basis this quarter.
- We witnessed strong growth in the category of pellet snacks this quarter.

Reported EBITDA of Rs. 192 million in Q2 FY25 with margins of 4.3%

- There has been steep increase in prices of key ingredients such as potatoes, wheat and gram.
- The company undertook measures such as grammage reduction and trade margin adjustments which helped to partially mitigate the impact.
- As a result, the EBITDA margin has compressed to 4.3% in Q2FY25 compared to Q2FY24.

Remain Optimistic on Outlook

- Proactively implementing strategies to drive growth:
 - Exports have been initiated in Q2 and preliminary batches will be dispatched in the third quarter.
 - Products have been onboarded onto a quick commerce platform in Q2 and further platforms are set to be added in Q3 FY25
- We will keep expanding our customer base by introducing new touchpoints and enhancing initiatives like range selling and sales force automation to better serve existing touchpoints and territories.
- Harvesting trends suggest potential growth in rural demand which will aid in volume growth.
- Trends in input prices especially palm oil indicate further price increase in Q3 FY25 and we are implementing additional cost reduction and process optimization initiatives to offset the impact.

MD & CEO's Message



Commenting on Q2 & H1 FY25 performance, Mr. Amit Kumat Managing Director & CEO, Prataap Snacks Limited said:

"We delivered a resilient performance in Q2 FY25, reporting revenue from operations of Rs. 4,411 million, despite navigating significant inflationary pressures that have affected consumption trends across the country. Even as volumes of MRP Rs. 5 packs have been under stress this quarter on an industry-wide basis, we have reported higher volumes in this price point which represents a significant proportion of overall volumes. Another highlight for this quarter is the strong growth in the pellet snacks category.

The business faced broad-based input cost pressures this quarter, with steep increases in prices for key ingredients such as potatoes, wheat, and gram. In response, we have implemented measures like grammage reduction and trade margin adjustments to enhance realizations which has helped us to partially mitigate the impact this quarter. Consequently, EBITDA for the quarter stood at Rs. 192 million, with the EBITDA margin contracting to 4.3%. However, with input prices, especially palm oil, indicating further rise in Q3FY25 we are implementing additional cost-reduction and process-optimization initiatives.

We are proactively implementing strategies to drive growth. Exports have been initiated in Q2 and initial batches will be dispatched in the third quarter. Products have been onboarded onto a quick commerce platform in Q2 with further platforms set to be added in Q3 enabling expanded distribution. These actions, combined with signs of improving rural demand and favourable seasonality trends in the second half of the fiscal year, are expected to support volume growth.

In September 2024, our private equity investor, Peak XV Partners (formerly Sequoia Capital), exited their 47% stake in Prataap Snacks Ltd., achieving a manifold return on the original investment. We extend our sincere gratitude for their support and trust in Prataap Snacks, acknowledging their invaluable role in scaling our business, enhancing corporate practices, and shaping company culture over the past 13 years. The stake has been acquired by Authum Group and Ms. Mahi Madhusudhan Kela, who have also launched an open offer in compliance with regulatory requirements, which is currently underway. We will seek to build a collaborative partnership with the new shareholders that further enriches Prataap's position and strategic depth, with the objective of generating even greater value creation for all stakeholders in the years ahead."

ABRIDGED P&L STATEMENT

(INR Mn)	Q2 FY'25	Q2 FY'24	Y-o-Y Change (%)	HI FY'25	HI FY'24	Y-o-Y Change (%)
Sales/Income from operations	4,387.5	4,314.7	1.7%	8,578.7	8,173.7	5.0%
Other operating Income	23.4	22.3	4.9%	46.5	41.5	12.1%
Total Income from Operations	4,410.8	4,337.0	1.7%	8,625.2	8,215.2	5.0%
Raw Material Cost	3,128.5	2,877.9	8.7%	6,027.2	5,446.6	10.7%
Gross Profit	1,282.3	1,459.1	-12.1%	2,598.0	2,768.6	-6.2%
<i>Gross Margins</i>	<i>29.1%</i>	<i>33.6%</i>	<i>-450 Bps</i>	<i>30.1%</i>	<i>33.7%</i>	<i>-360 Bps</i>
EBITDA	191.6	379.5	-49.5%	491.9	708.0	-30.5%
<i>EBITDA margin</i>	<i>4.3%</i>	<i>8.8%</i>	<i>-440 Bps</i>	<i>5.7%</i>	<i>8.6%</i>	<i>-290 Bps</i>
Depreciation	177.4	154.8	14.6%	353.0	307.3	14.9%
Interest	15.7	12.7	23.6%	34.3	26.1	31.4%
Profit after tax	61.5	165.2	-63%	155.9	299.5	-48.0%
Diluted EPS (Rs)	2.58	6.92	-62.8%	6.52	12.54	-48.0%

Balance Sheet

(INRm)	Sept. 2024	March 2024	YoY change
Closing cash and cash equivalents	337.1	298.2	13.1%
Fixed Deposit with Banks	1,098.1	850.2	29.2%
Inventory	1,325.1	1,423.8	-6.9%
Receivables	192.3	108.9	76.6%
Other current assets	467.6	480.6	-2.7%
Total current assets	3,420.2	3,161.7	8.2%
Fixed assets	5,808.4	5,985.5	-3.0%
RoU	422.1	550.5	-23.3%
Other assets	630.2	417.6	50.9%
Total assets	10,280.9	10,115.3	1.6%

(INRm)	Sept. 2024	March 2024	YoY change
Payables	1,334.5	1,145.7	16.5%
Other current liabilities	287.4	275.6	4.3%
Other financial liabilities	299.1	433.7	-31.0%
Short term debt	20.0	0.0	NA
Current liabilities	1,940.9	1,855.1	4.6%
Borrowings	180.0	200.0	-10.0%
Other liabilities	502.7	598.2	-16.0%
Deferred tax liabilities	214.1	174.5	22.7%
Non-current liabilities	896.7	972.7	-7.8%
Equity	7,443.2	7,287.6	2.1%
Total equity + liabilities	10,280.9	10,115.3	1.6%

Cash Flow Statement

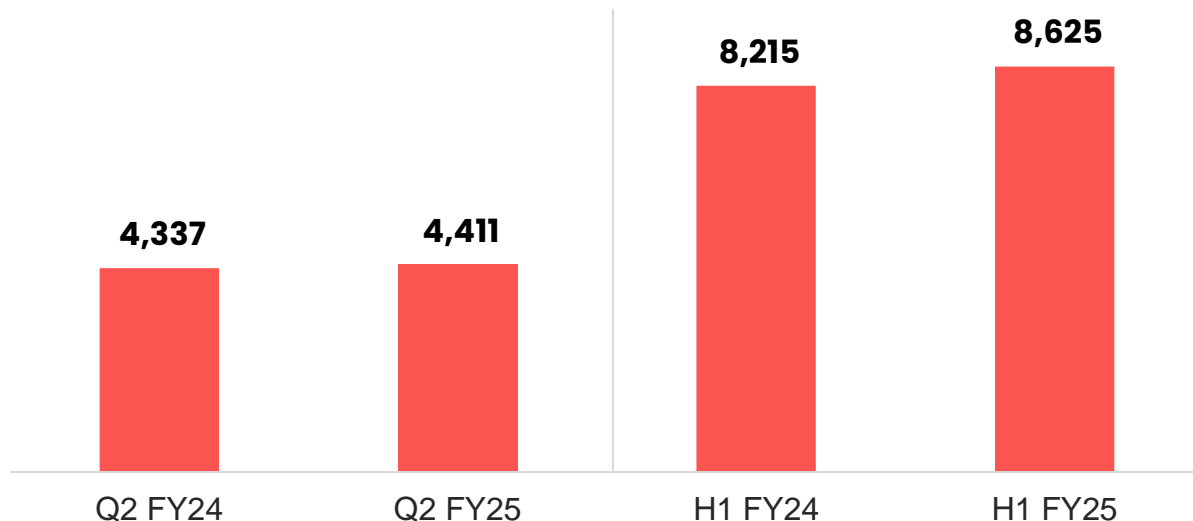
(INRm)	H1 FY25	H1 FY24	YoY change
Reported EBITDA	491.9	708.0	-30.5%
Noncash items in P&L	-39.8	25.4	-256.8%
Change in WC	134.6	115.7	16.3%
Income tax paid	-37.8	-43.5	-12.9%
Cash From Operating Activities	548.8	805.6	-31.9%
Capex	-238.9	-284.6	-16.1%
Interest paid	-11.8	-2.8	316.8%
Interest received	31.6	45.8	-30.9%
Free Cashflows	329.7	563.9	-41.5%
Debt raised / (paid)	-120.5	-123.0	-2.0%
Dividend paid	0.0	-23.9	-100.0%
Others	-170.3	-355.3	-52.1%
Net cash generated	39.0	61.8	-36.9%
Opening cash and cash equivalents	298.2	219.0	36.1%
Closing cash and cash equivalents	337.1	280.8	20.1%

Commentary

- Continue to drive working capital efficiency
- Strong balance sheet with cash position (Cash & Cash Equivalents + Bank Balance incl. Bank FDs) of Rs. 1,435 Mn

FINANCIALS – Q2 & H1 FY'25 PERFORMANCE

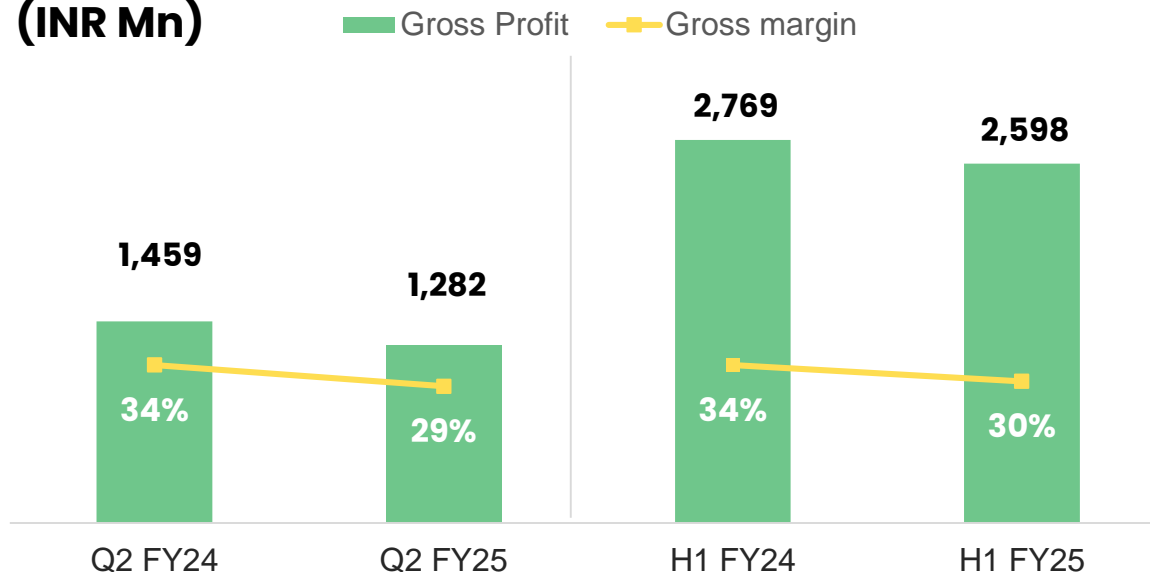
Revenue from Operations (INR Mn)



Sales grew by 2% in Q2 FY25 on a YoY basis

- Reported 2% growth in sales on a YoY basis despite challenges in macro-economic environment
- Growth was driven by higher volumes of MRP Rs. 5 packs which represent a significant proportion of volumes for us while this category has been under stress on an industry-wide basis this quarter

Gross Profit (INR Mn)

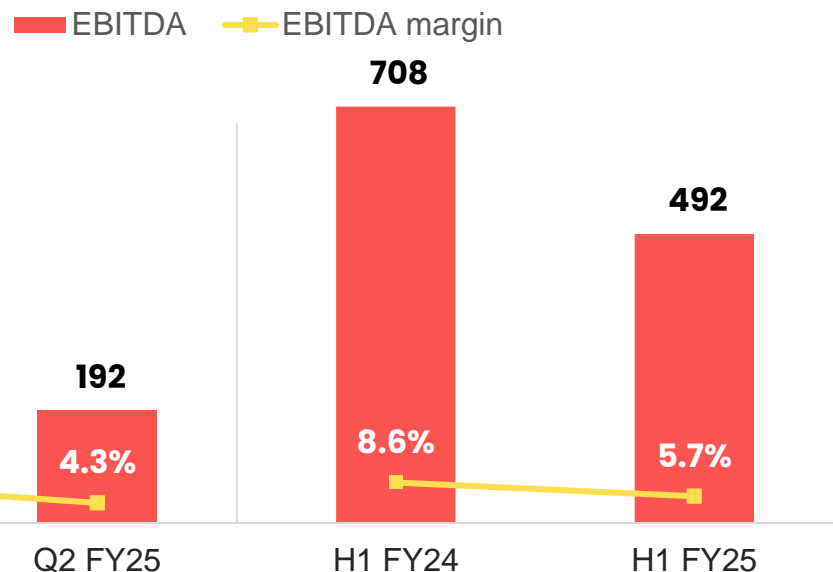


Gross margin stood at 29% in Q2 FY25

- During the quarter, gross margin declined by 450 basis points on a YoY basis due to inflationary pressures in input prices which was partially mitigated by corrective measures

FINANCIALS – Q2 & H1 FY'25 PERFORMANCE

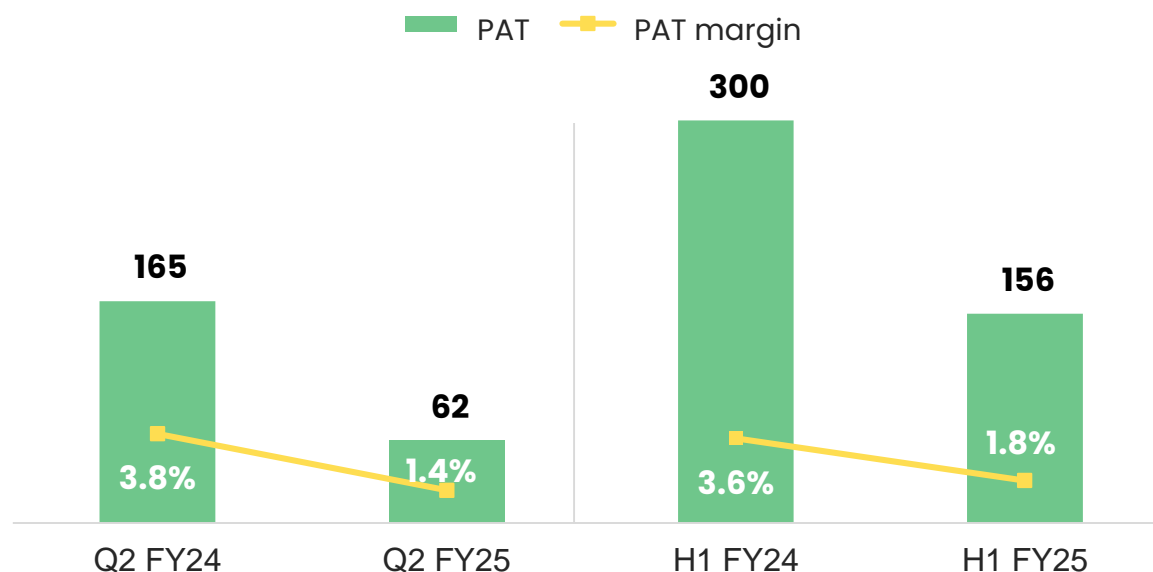
EBITDA (INR Mn)



EBITDA margin stood at 4.3% in Q2 FY25

- Impact from rising input prices has resulted in compression of EBITDA margin

PAT (INR Mn)

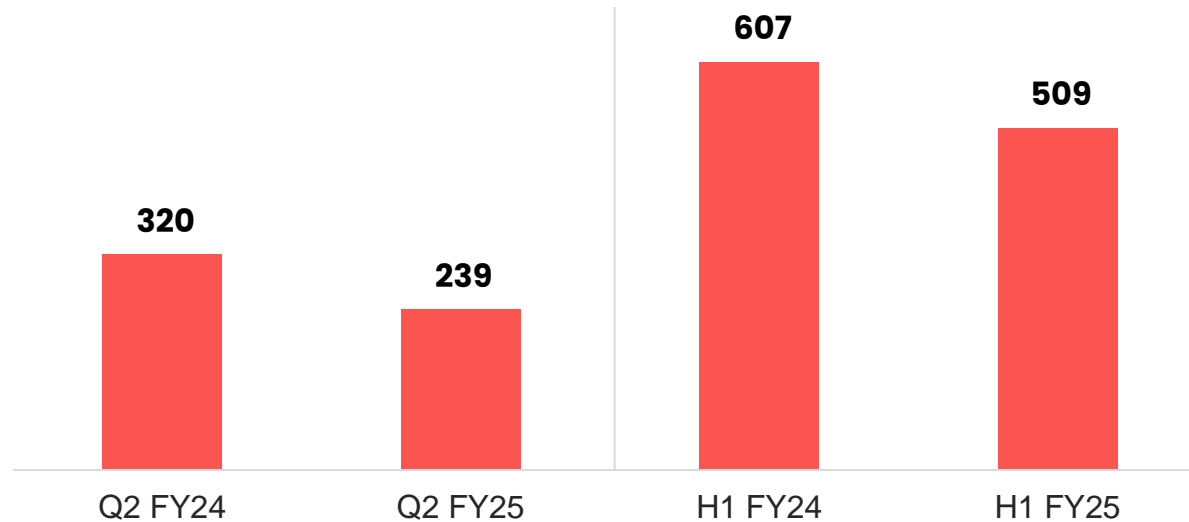


PAT margin stood at 1.4% in Q2 FY25

- Trends in EBITDA have impacted PAT in a similar manner

FINANCIALS – Q2 & H1 FY'25 PERFORMANCE

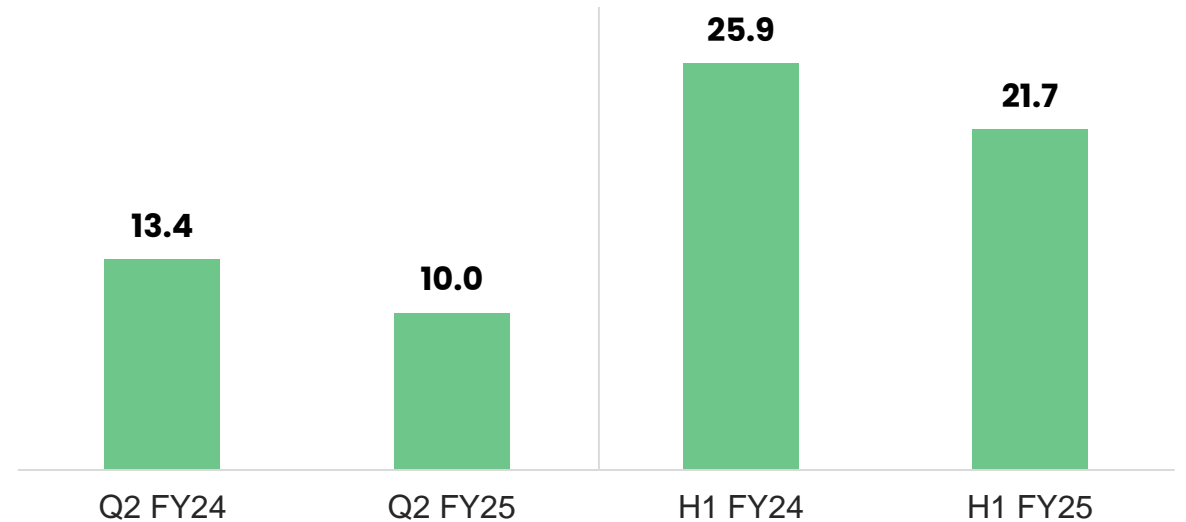
Cash profit (INR Mn)



Generating healthy levels of Cash Profit

- The company reports consistent levels of cash profit on a quarterly basis

Cash EPS (INR)



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



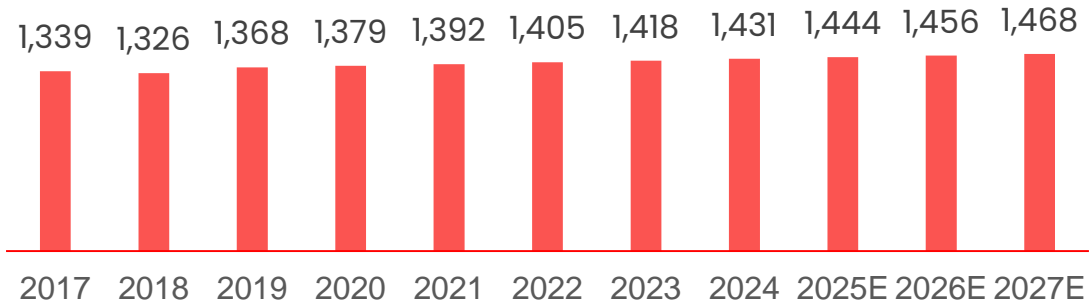
EVOLVING TASTES:

Industry Overview



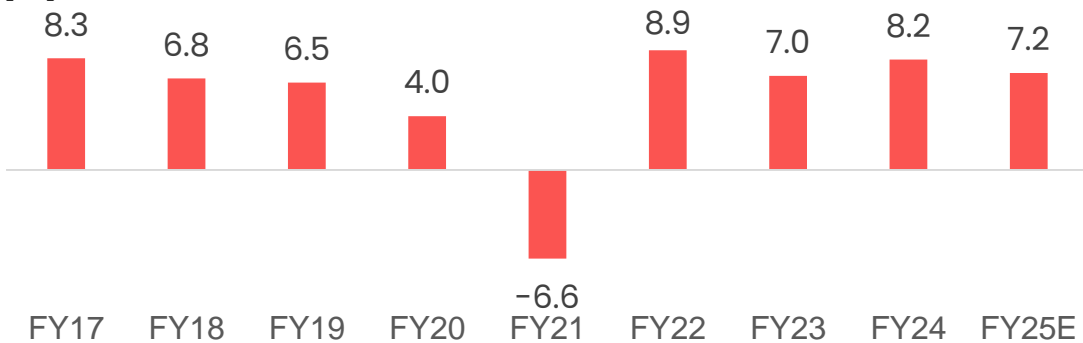
Favourable Demographics Supporting Industry Growth

India Population Trend (Millions)



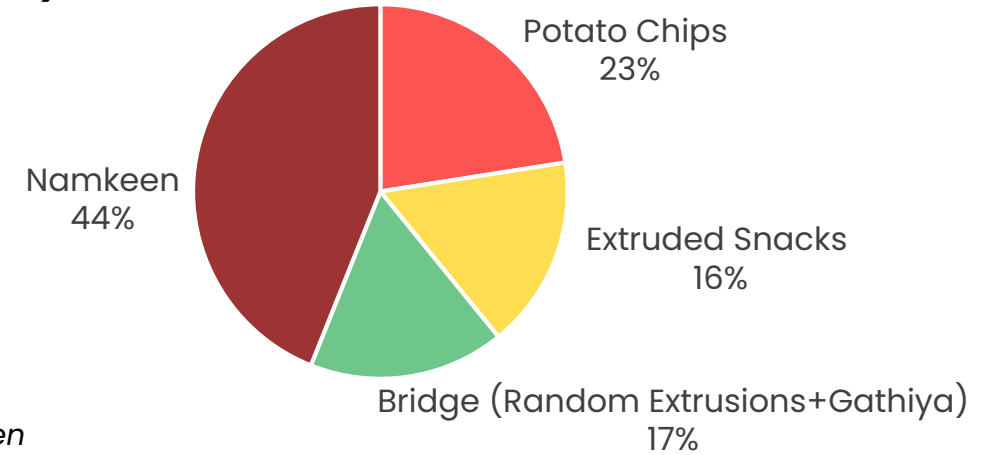
Source: Statista April 2022

India GDP Growth (%)



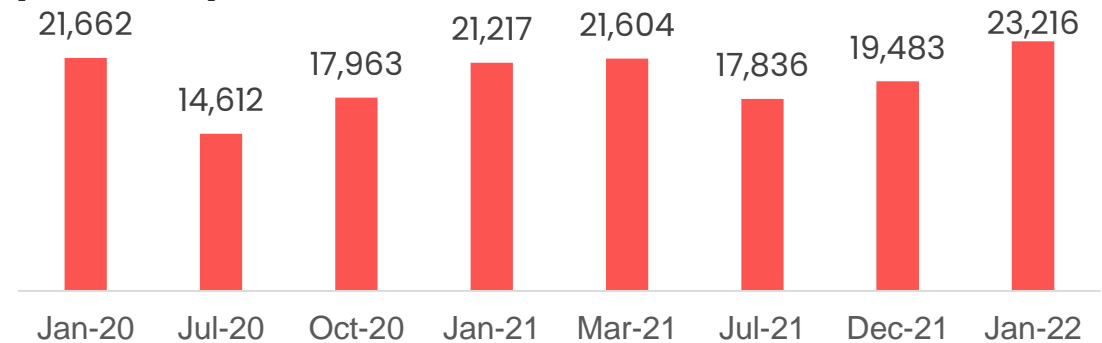
Source: [Live Mint article dated 7th June 2024](#)

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



Source: Nielsen

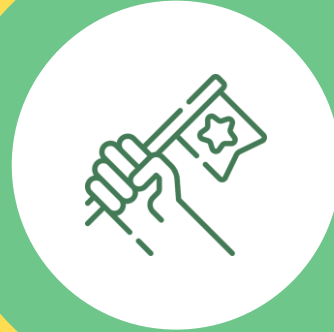
Consumer spending in India (Rs. Billion)



Source: Statista, March 2022



THANK YOU!



Sumit Sharma

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