



# PRATAAP SNACKS LIMITED

Q3 & 9M FY25 Earnings  
Presentation

28<sup>th</sup> January 2025





# 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<sup>(1)</sup>



## 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%<sup>(2)</sup>



## Diverse product portfolio

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



## Nationwide manufacturing & distribution footprint

16 manufacturing facilities;  
Presence across ~2.5 Mn retail  
outlets



## Experienced Leadership

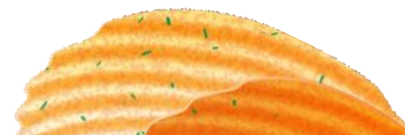
Founder-led management  
team guided by an able  
Board



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 and Nalbari, Assam  
Launched Puff Corn



Corporate development

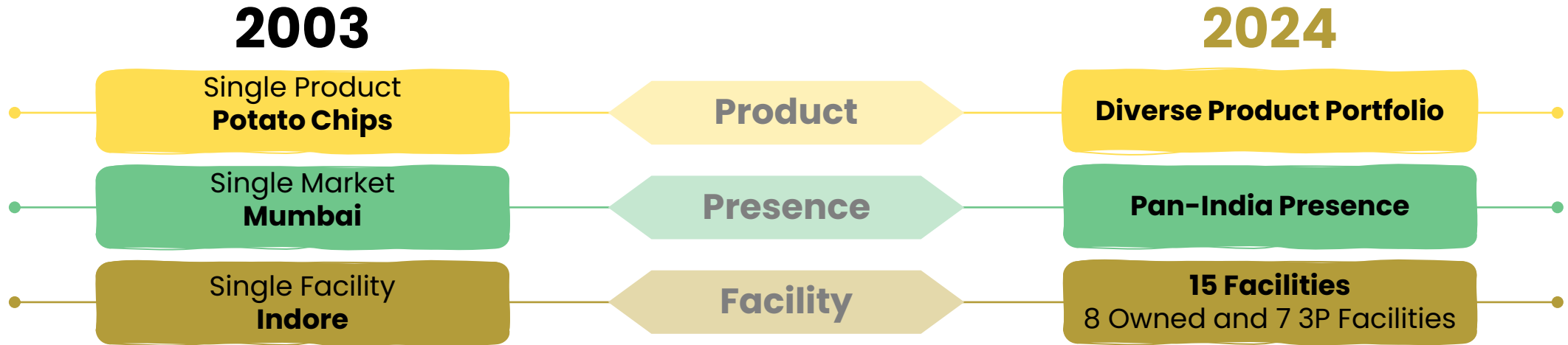


Category expansion



Geographical expansion / Facility Addition

# COMPANY EVOLUTION










## Snapshot of Recent Growth

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

**10 yr Revenue CAGR – 14% despite Covid impact**

# DIVERSE PRODUCT PORTFOLIO

Appealing to consumers and trade partners

CATEGORIES	% of FY24 Revenue	PRODUCTS
 <p><b>Extruded Snacks</b></p>	58%	 <p>Chulbule Rings Wheels Pipe Katori Puff Stix</p>
 <p><b>Potato Chips</b></p>	23%	
 <p><b>Namkeen</b></p>	16%	 <p>Moong Dal Aloo Bhujia Tasty-Nut Cracker Rattami Sev Bhavnagri Gathiya Sev Mamra</p>
 <p><b>Sweet Snacks</b></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

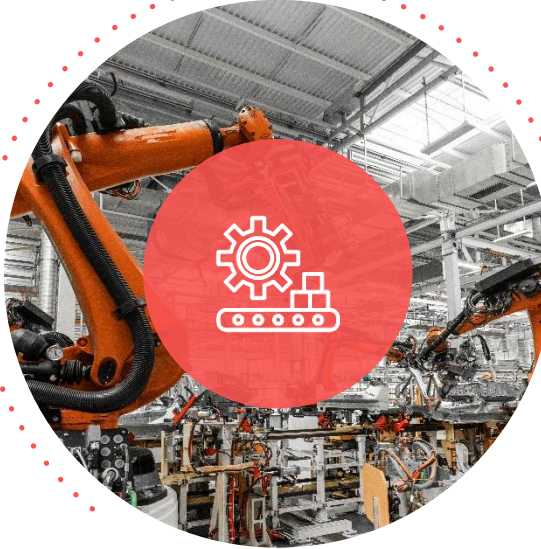
Powered by tech and automation



## 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

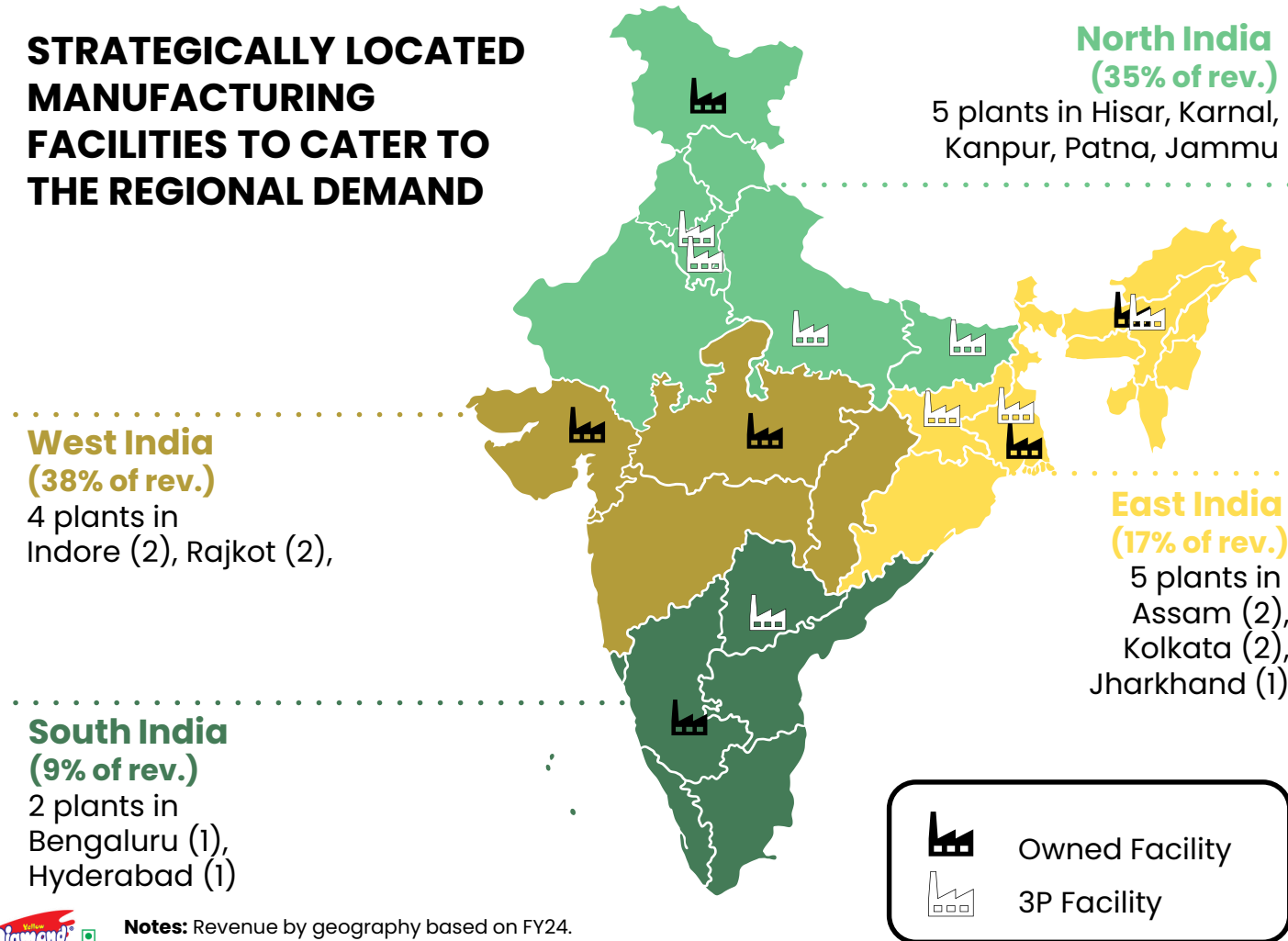
State-of-the-art SFA being used to guide sales team with assisted order taking

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



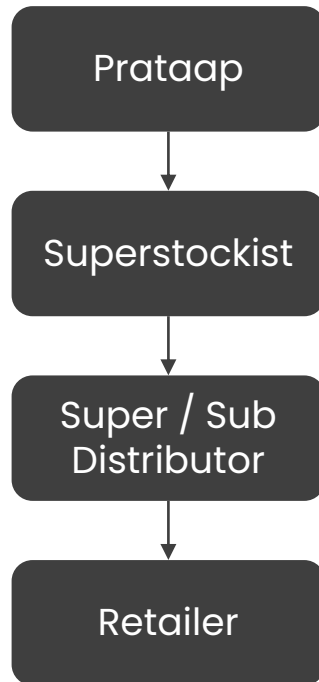
## Leveraging mix of contracted and owned manufacturing

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

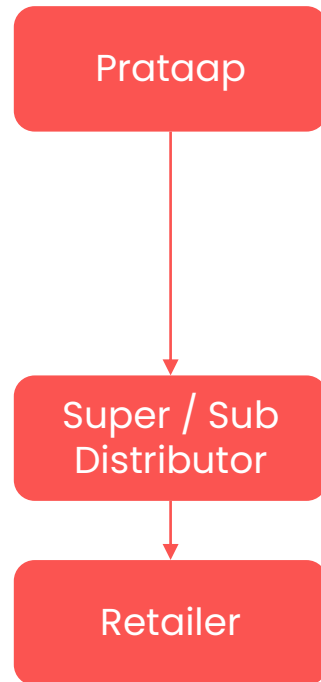
# OPTIMISED DISTRIBUTION MODEL

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	CHILDREN 	YOUTH 	ADULTS/FAMILY 	
 <b>Extruded Snacks</b>	Rings, Kurves, Puff, Stix 	✓✓	✓✓	
	Chulbule 	✓✓	✓✓	
	Pellets 	✓✓	✓✓	
 <b>Potato Chips</b>	Potato Chips 	✓✓	✓✓	✓✓
 <b>Namkeen</b>	Namkeen 		✓✓	✓✓
 <b>Sweet Snacks</b>	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



**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.



**Chetan Kumar Mathur**  
Independent Director

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



**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 growth with structural improvement in margin

## TOP LINE GROWTH



### Expand Footprint of Namkeen and Pellets

Evolving categories offerings greater headroom for growth



### Implementation of SFA to drive Range Selling

Sales force automation to optimise distribution throughput and range selling



### Entered into Modern Trade, Quick Commerce and Exports

Will help to drive volumes of larger/family packs as well as premium products and flavours



### Focussed Strategy for Command Markets

Greater emphasis of sales strategies and efforts in regions where PSL enjoys higher market share

## BOTTOM-LINE & MARGIN EXPANSION



### Channel Cost Optimization

Reducing distribution costs and optimising trade margins



### Operational Cost Optimisation

Deployed multiple initiatives such as process reengineering and debottlenecking to structurally reduce costs



### Logistics Cost Optimisation

Driving efficiencies by optimising loads and routes as well as by leveraging tech



### Addition of Premium Products to portfolio

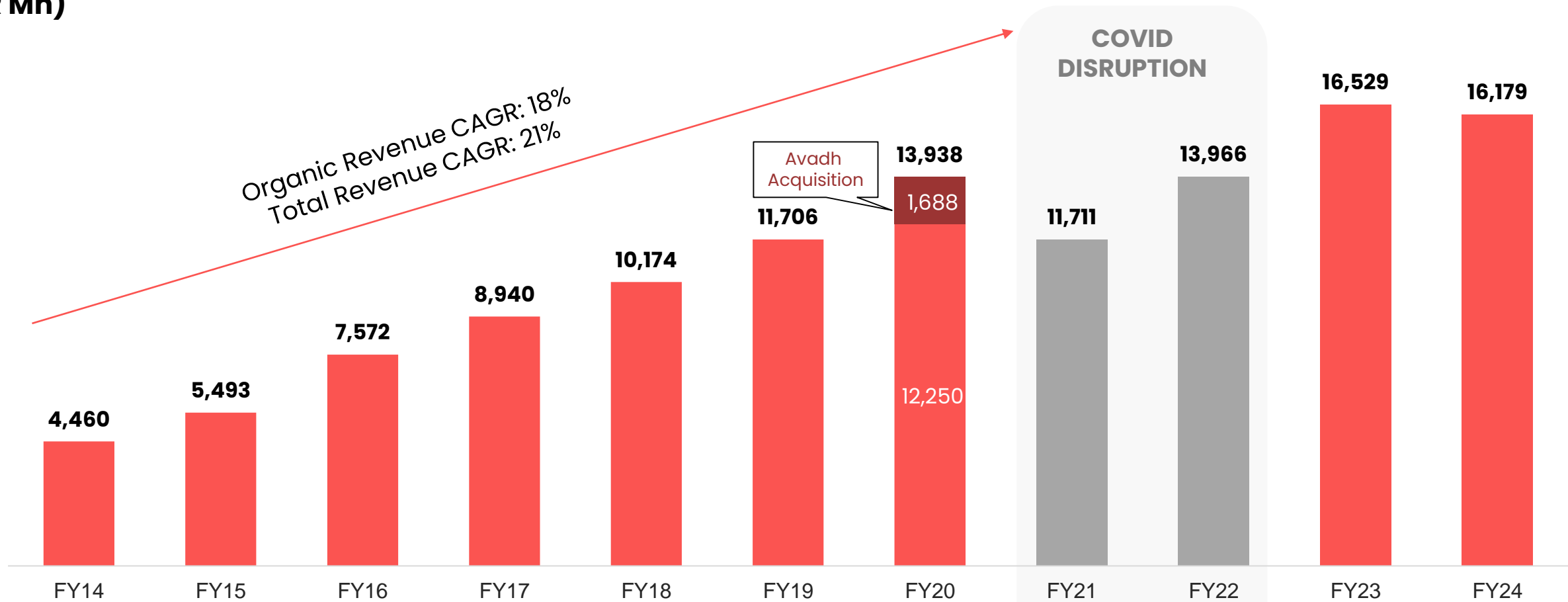
Multiple offerings targeting higher margin products and categories



# 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 31<sup>st</sup> 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:**

## **Q3 & 9M FY25 Performance Update**



# OPERATIONAL OVERVIEW

**Reported income from operations of Rs. 4,426.9 million in Q3 FY25, higher by 9.0% YoY**

- Income from operations grew 9% in Q3FY25 on a YoY Basis despite challenges due to persistent inflationary trends and sluggish consumer demand
- Witnessed improved demand in rural markets, even as urban markets remained subdued
- Topline growth driven by expansion into new touchpoints as well as initiatives to optimize sales efforts at existing touchpoints and territories

**Witnessed significant cost pressure in Q3 FY25 impacting Gross and EBITDA margins**

- Strong inflationary trends have been witnessed across the entire basket of inputs including palm oil, potato, wheat, corn, etc
- Apart from the rise in input prices, the reinstatement of import duties on crude and refined palm oil has also contributed to the sharp increase in raw material costs in the current quarter
- In order to mitigate these challenges, the Company implemented several measures, including recipe adjustments, process reengineering, grammage & trade margin optimization which have helped to partially offset the impact of rising costs

**Undertaking multiple initiatives to grow revenue and structurally enhance margins**

- Efforts will be to drive topline growth through implementation of measures such as distribution expansion, range selling and Sales Force Automation with emphasis on regions where the Company enjoys a strong market share.
- Seeking to enrich margins in a structural manner by aggressively optimising costs across functions, introducing products to aid premiumization and driving growth in exports

# MD & CEO's Message



**Commenting on Q3 & 9M FY25 performance, Mr. Amit Kumat Managing Director & CEO, Prataap Snacks Limited said:**

*"In a backdrop of persistent inflationary trends and sluggish consumer demand, we are pleased to report revenue growth of 9% on YoY basis. There has been improved demand in rural markets, even as urban markets remained subdued. Sales growth has been driven by a combination of expansion into new touchpoints as well as initiatives to optimize sales efforts at existing touchpoints and territories through enhanced efficiencies. Additionally, we formally commenced exports in Q3 with the shipment of initial batches.*

*The third quarter witnessed continued increase in raw material prices, as anticipated, particularly for key ingredients such as palm oil and potato. Apart from the price rise, the reinstatement of import duties on crude and refined palm oil has contributed to the sharp increase in raw material costs in the current quarter. To mitigate these challenges, we implemented several measures, including recipe adjustments, process reengineering, grammage & trade margin optimization which have helped to partially offset the impact of rising costs. We have also recognized an exceptional loss this quarter, due to the fire at our Jammu facility. However, we maintained operational continuity at proximate markets by ramping up production at our Hisar and Karnal facilities.*

*Our focus will be to drive topline growth through implementation of measures such as distribution expansion, range selling and Sales Force Automation with emphasis on regions where we enjoy a strong market share. We are undertaking efforts to enrich margins in a structural manner by aggressively optimising costs, introducing products to aid premiumization and driving growth in exports. We are confident that the combination of these measures will help us to realise accretive value in the quarters ahead."*

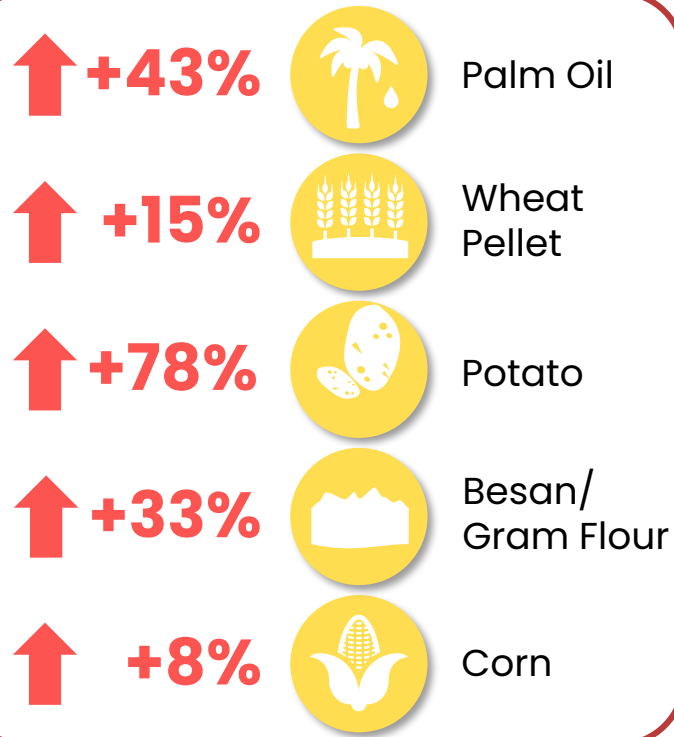
# ABRIDGED P&L STATEMENT

(INR Mn)	Q3 FY'25	Q3 FY'24	Y-o-Y Change (%)	9M FY'25	9M FY'24	Y-o-Y Change (%)
<b>Sales/Income from operations</b>	<b>4,426.9</b>	<b>4,062.4</b>	<b>9.0%</b>	<b>13,005.6</b>	<b>12,236.2</b>	<b>6.3%</b>
Other operating Income	19.2	20.6	(6.8%)	65.6	62.1	5.6%
<b>Total Income from Operations</b>	<b>4,446.0</b>	<b>4,083.1</b>	<b>8.9%</b>	<b>13,071.2</b>	<b>12,298.3</b>	<b>6.3%</b>
Raw Material Cost	3,420.8	2,733.0	25.2%	9,448.0	8,179.5	15.5%
Gross Profit	1,025.2	1,350.1	(24.1%)	3,623.2	4,118.8	(12.0%)
<i>Gross Margins</i>	<i>23.1%</i>	<i>33.1%</i>	<i>(1,001 Bps)</i>	<i>27.7%</i>	<i>33.5%</i>	<i>(577 Bps)</i>
<b>EBITDA</b>	<b>(54.2)</b>	<b>347.4</b>	<b>NA</b>	<b>437.7</b>	<b>1,055.4</b>	<b>(58.5%)</b>
<i>EBITDA margin</i>	<i>NM</i>	<i>8.5%</i>	<i>NA</i>	<i>3.4%</i>	<i>8.6%</i>	<i>(523 Bps)</i>
Depreciation	175.1	164.8	6.3%	528.1	472.1	11.9%
Interest	15.3	12.3	24.4%	49.6	38.4	29.2%
Exceptional item	343.4	-	NA	254.1	9.6	2,546.9%
<b>Profit after tax (Excl. exceptional Items)</b>	<b>(147.3)</b>	<b>107.9</b>	<b>NA</b>	<b>(46.2)</b>	<b>407.4</b>	<b>NA</b>
Diluted EPS (Rs) (Excl. exceptional Items)	(6.2)	4.5	NA	(1.9)	17.1	NA

# SIGNIFICANT COST PRESSURES

UNDERTAKING MULTIPLE INITIATIVES TO OVERCOME SHARP RISE IN INPUT PRICES

RM/PM Price Increase from  
FY24(avg) to Q3 FY25



There has been sharp inflation in RM prices in Q3 FY25 compared to the average during FY24

Raw materials comprising over 50% of input costs have witnessed sharp increase in prices

Apart from rise in prices of palm oil, there has also been significant impact due to reinstatement of import duties on crude and refined palm oil

In the face of these pressures, the company has undertaken multiple initiatives to offset the impact. These include :

- Recipe adjustment
- Process reengineering
- Driven better sales realization through a mix of reduction in trade margin and rationalization of grammages

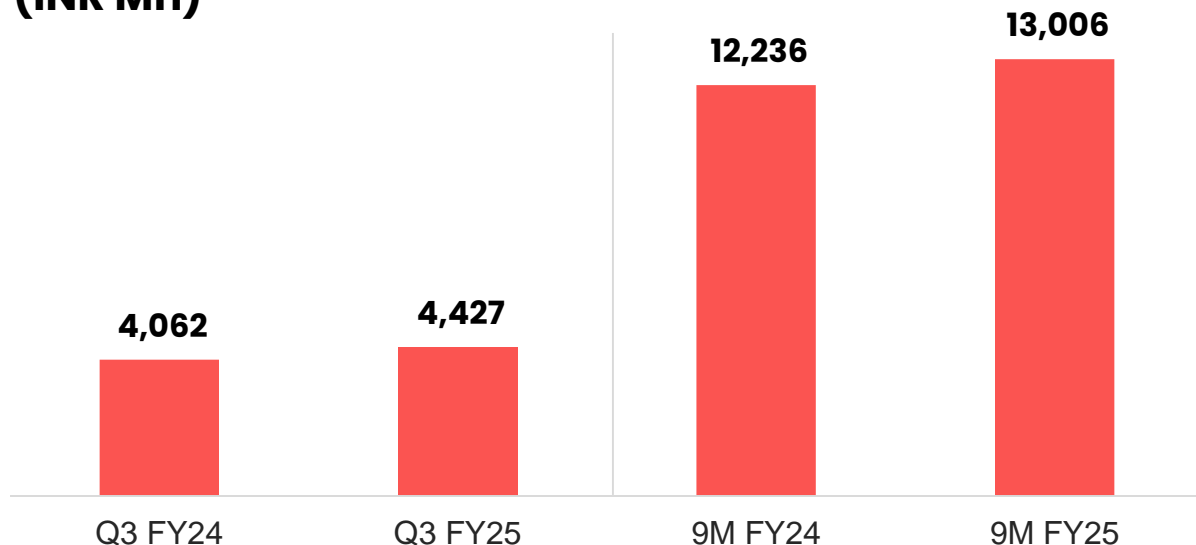
These initiatives have enabled the company to partially offset the impact of RM price inflation

The Company is undertaking aggressive cost optimisation measures in the areas of distribution, operations and logistics to structurally enhance the margin profile



# FINANCIALS – Q3 & 9M FY'25 PERFORMANCE

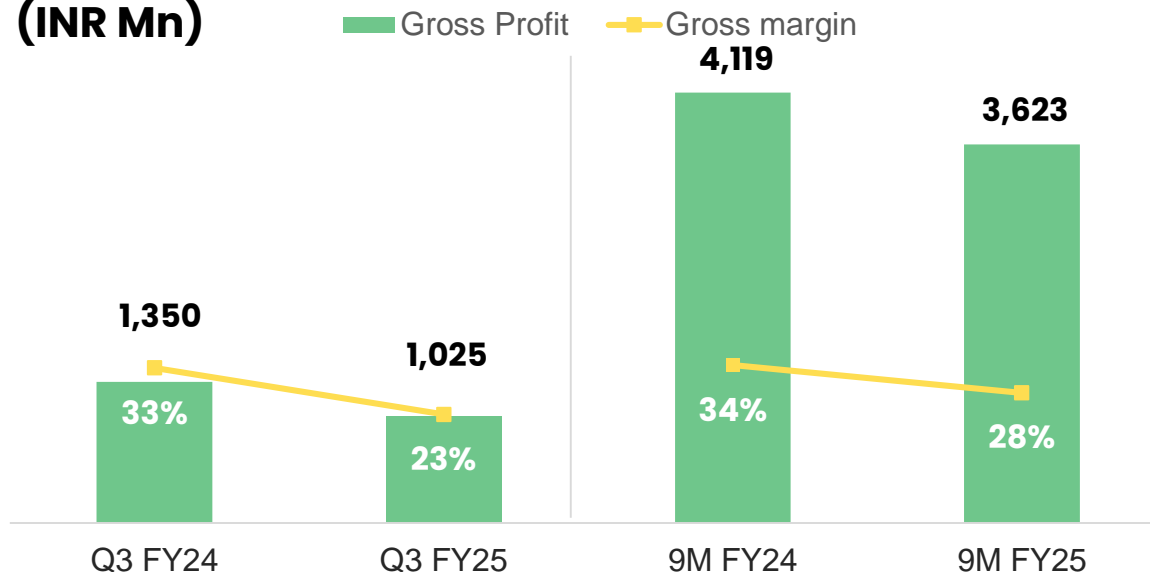
## Income from Operations (INR Mn)



**Sales grew by 9.0% in Q3 FY25 on a YoY basis**

- Reported 9% growth in sales on a YoY basis despite challenges in macro-economic environment
- Growth was driven by categories of Pellets and Namkeen

## Gross Profit (INR Mn)

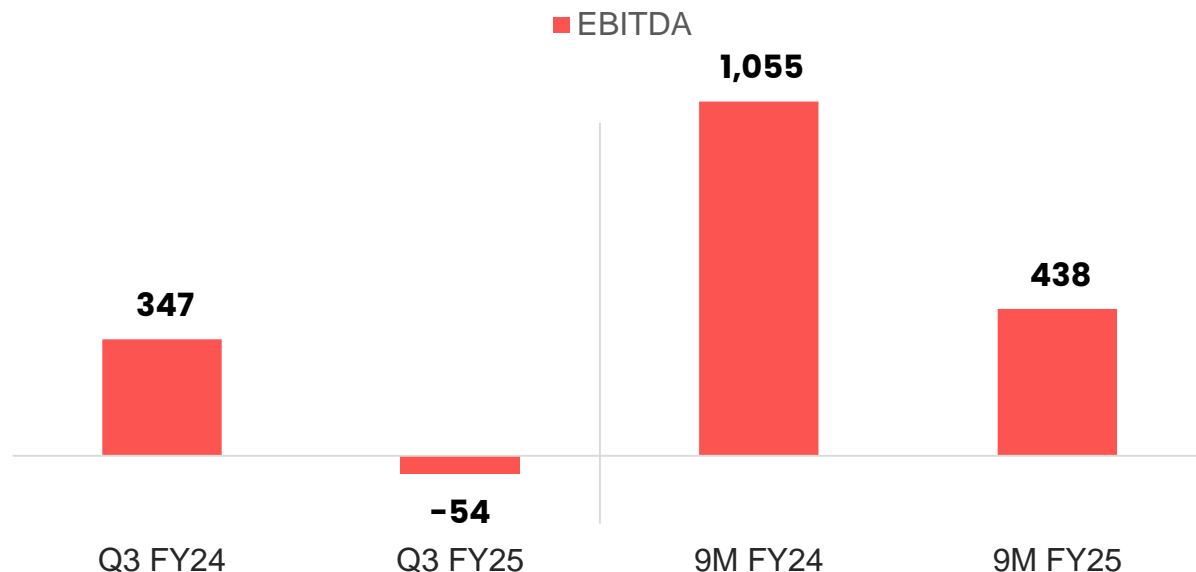


**Gross margin stood at 23.1% in Q3 FY25**

- During the quarter, gross margin contracted by 1,001 basis points on a YoY basis due to unique situation of strong and sustained inflationary pressures across almost entire basket of inputs which was partially mitigated by corrective measures

# FINANCIALS – Q3 & 9M FY'25 PERFORMANCE

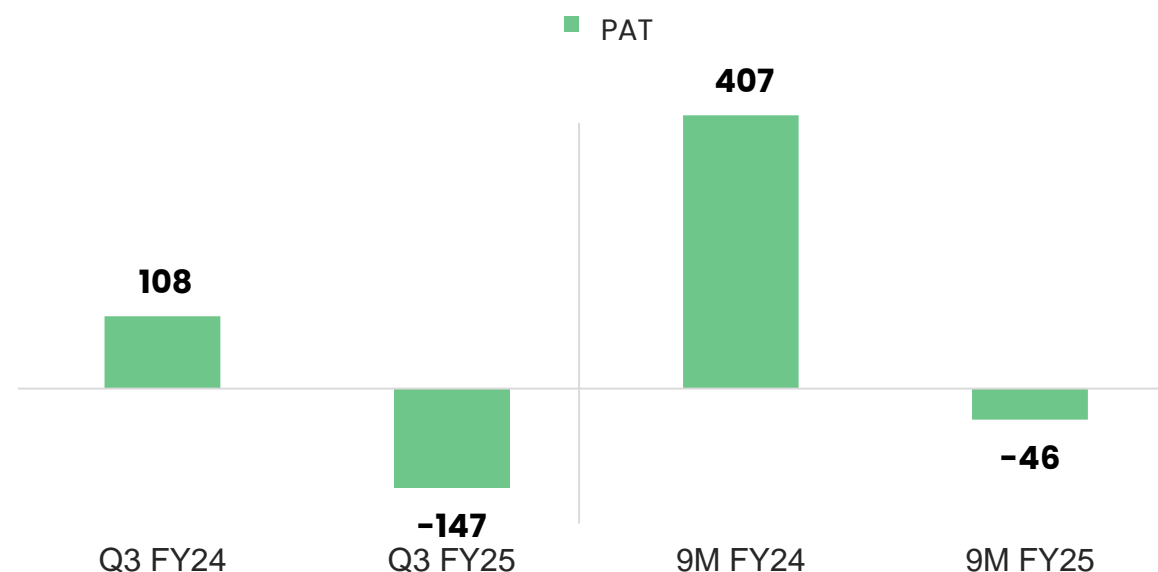
## EBITDA (INR Mn)



**Reported EBITDA of Rs. (54) Mn in Q3 FY25**

- Due to steep raw material price inflation, the company has reported a negative EBITDA during the quarter

## PAT (INR Mn)

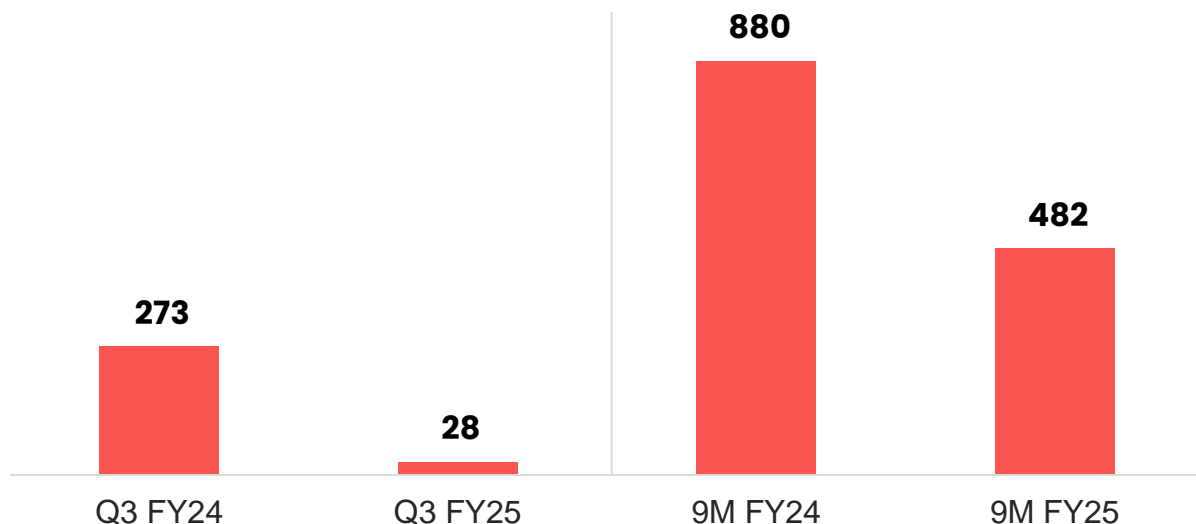


**Reported PAT of Rs. (147) Mn in Q3 FY25**

- RM price inflation which has impacted gross margin and EBITDA has also flowed through to PAT
- Further the company reported an exceptional item of Rs. 343 Mn due to fire at the Jammu facility

# FINANCIALS – Q3 & 9M FY'25 PERFORMANCE

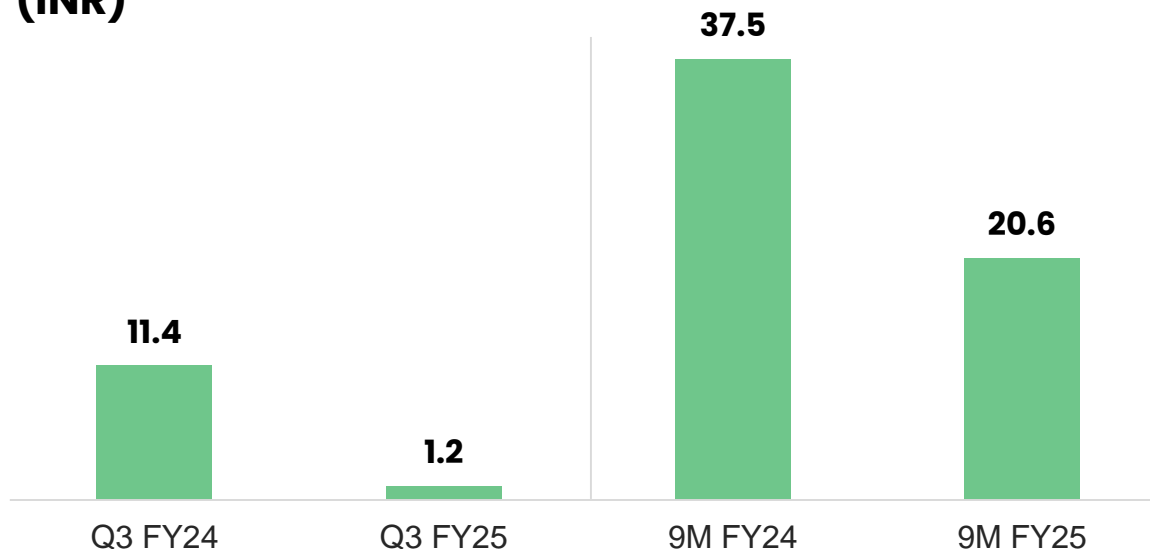
## Cash profit (INR Mn)



### Reported positive Cash profit in Q3 FY25

- The company has been reporting consistent levels of cash profit on a quarterly basis
- Despite severe pressures due to RM price inflation the company was able to report a positive cash profit during the quarter

## 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



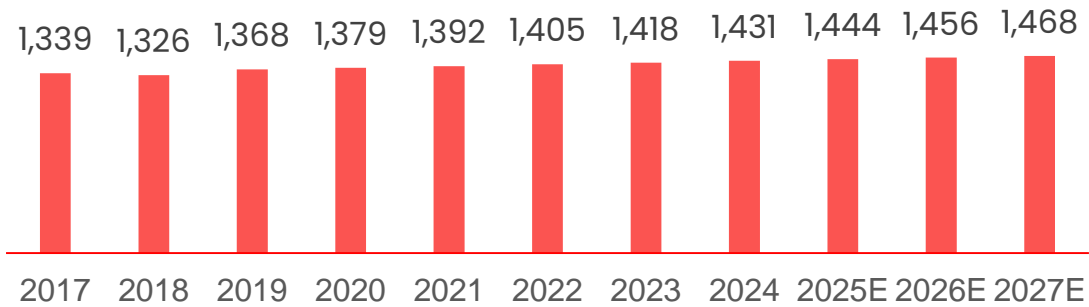
# **EVOLVING TASTES:**

## ***Industry Overview***



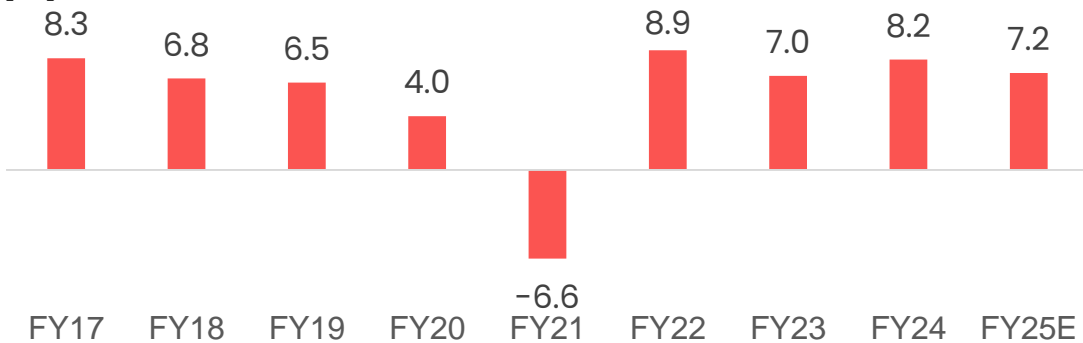
# Favourable Demographics Supporting Industry Growth

## India Population Trend (Millions)



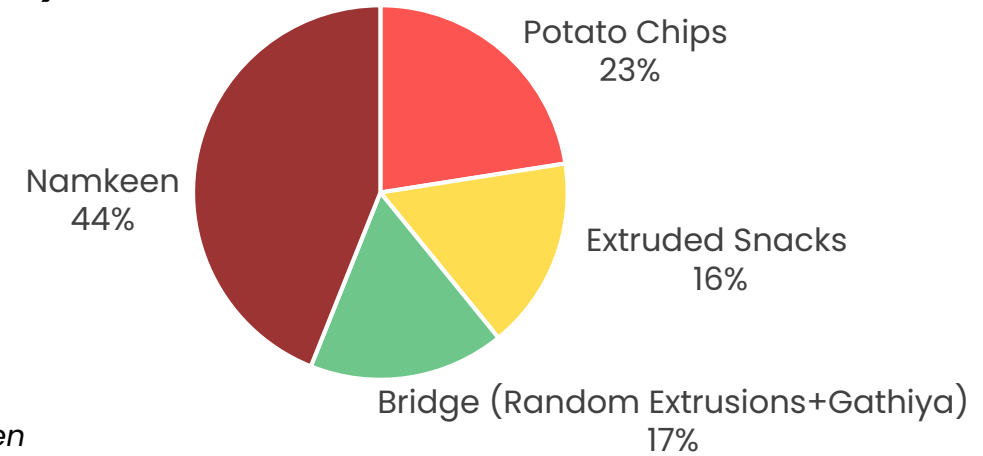
Source: Statista April 2022

## India GDP Growth (%)



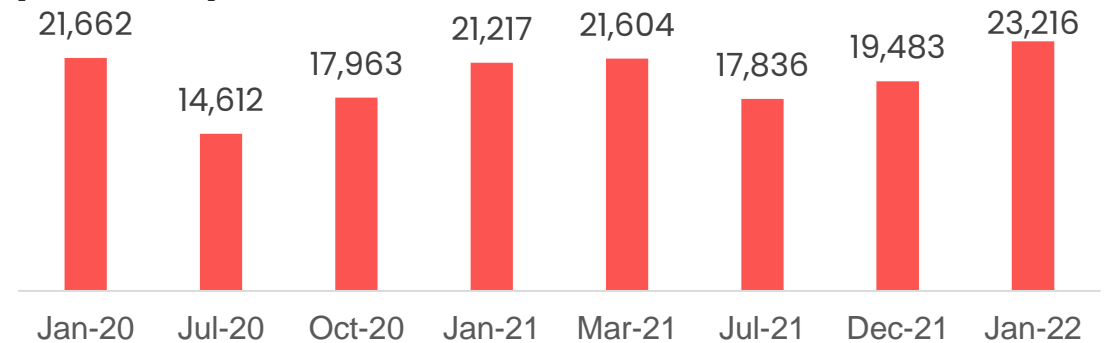
Source: [Live Mint article dated 7th June 2024](#)

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



Source: Nielsen

## Consumer spending in India (Rs. Billion)



Source: Statista, March 2022



# THANK YOU!



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