PRATAAP SNACKS LIMITED

Q4 & FY23 Earnings Presentation

27 May 2023

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 438 Bn market
Growing at 14% CAGR(1)

Market leadership
Market Leader in Rings,
Top 2 in Extruded Snacks,
Top 5 in Western Savoury Snacks

Significant revenue scale
FY23 Revenue of INR ~ 16.5 Bn
9-year revenue CAGR: 18%(2)

Diverse product portfolio
Over 125 SKUs across Potato Chips, Extruded Snacks, Namkeen and Sweet Snacks

Nationwide manufacturing & distribution footprint
14 manufacturing facilities; Presence across ~2.2 Mn retail outlets

Experienced Leadership
Founder-led management team guided by an able Board

Source: Nielsen.
(1): As of 2023, CAGR for last 5 years.
(2): Revenue CAGR from FY14 to FY23.

KEY MILESTONES

2003
Company founded

2004
Set up a plant to manufacture Potato Chips in Indore

2006
Installed Chulbule plant at Prakash Snacks in Indore

2011
Sequoia's initial investment of Rs. 620 mn Prataap Snacks

Launched Rings, Namkeen and Wheels

2012
Doubled the capacity of Potato Chips plant at Indore

2014
Commissioned Guwahati plant for Rings, Chulbule and Pellets

Introduction of Scoops

2016
Guwahati new plant commissioned

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

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

2019
Commenced 3P manufacturing at Hisar

Expanded range in sweet snacks through launch of Cup Cake, Tiffin Cake and Sandwich Cake

2020
Converted 3P facility to owned in Bengaluru, Karnataka

Commenced 3P manufacturing at Kanpur

2021
Launched Swiss Rolls

Received approval under PLI Scheme of Government of India

2022
Completed restructuring of distribution pyramid

Commissioned facility in Kolkata for Extruded Snacks

Concluded merger with Avadh Snacks

Corporate development | Category expansion | Geographical expansion / Facility Addition

COMPANY EVOLUTION

2003		2023
Single Product **Potato Chips**	Product	**Diverse Product Portfolio**
Single Market **Mumbai**	Presence	**Pan-India Presence**
Single Facility **Indore**	Facility	**14 Facilities** 7 Owned and 7 3P Facilities

Snapshot of Recent Growth

2014		2023
Rs. 446 Cr	Revenue	Rs. 1,653 Cr
40+	SKUs	125+
3 Facilities	Facilities	14 Facilities

9 yr Revenue CAGR – 18% despite Covid impact

DIVERSE PRODUCT PORTFOLIO

Appealing to consumers and trade partners

CATEGORIES	% of FY23 Revenue	PRODUCTS
Extruded Snacks	58%	Chulbule, Rings, Wheels, Pellets, Scoops, Puff, Stix
Potato Chips	23%	
Namkeen	16%	
Sweet Snacks	3%	Cookie-Cake, Center Filled Cup Cake, Choco Vanilla Cake, Tiffin Cake, Sandwich Cake, Swiss Roll

Market Leader in Rings, Top 2 in 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

Brand tagline encapsulates the philosophy of delivering value to the customer

Brand Ambassadors / Associations[1]

(1) PSL had brand endorsement association with Salman Khan, Ben 10 and Chhota Bheem in past.

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

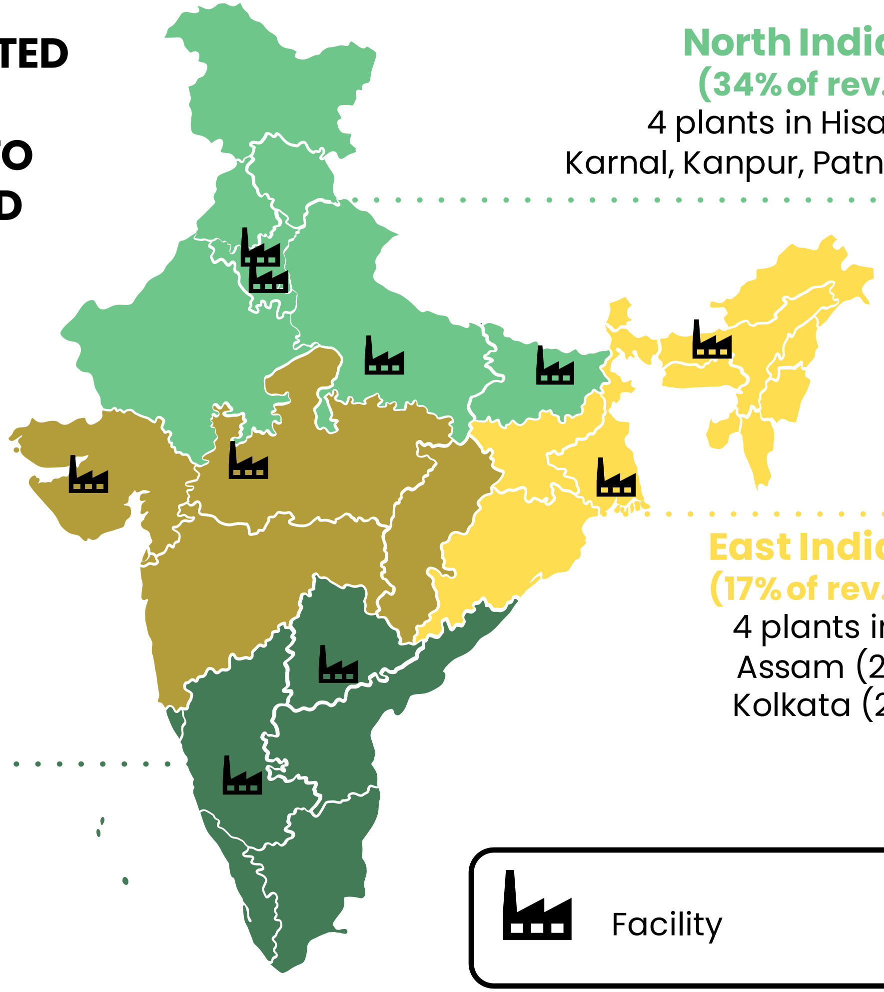
State-of-the-art SFA being used to guide sales team with assisted order taking

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



North India
(34% of rev.)
4 plants in Hisar, Karnal, Kanpur, Patna

West India
(39% of rev.)
3 plants in
Indore (2), Rajkot (1)

East India
(17% of rev.)
4 plants in
Assam (2),
Kolkata (2)

South India
(10% of rev.)
3 plants in
Bengaluru (2),
Hyderabad (1)

Facility

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

Note: Revenue by geography based on FY22.

OPTIMISED DISTRIBUTION MODEL

Direct distribution model on a nationwide scale

OLD DISTRIBUTION MODEL

Prataap → Superstockist → Super / Sub Distributor → Retailer

DIRECT DISTRIBUTION MODEL

Prataap → Super / Sub Distributor → Retailer

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 ~2.2M 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.

To reduce freshwater consumption by **20% at Indore** plant by March 2024

To utilise **25% of total power consumption from Solar** Energy and other non-conventional energy by March 2024

STRONG 'VALUE-FOR-MONEY' BRAND

Appealing to customers across socio-demographic profiles

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

Targeting value for money segment

Guided by an Accomplished Board

Mr. Arvind Mehta
Chairman & Executive Director

Mr. Amit Kumat
Managing Director and CEO

Mr. Apoorva Kumat
Executive Director (Operations)

Bharat Singh
Non-executive Nominee Director (Additional)

Vineet Kumar Kapila
Independent Director

Chetan Kumar Mathur
Independent Director

Mr. V.T. Bharadwaj
Independent Director

Anisha Motwani
Independent Director

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))

Range Selling & Drive mix of larger packs
Increase range selling and volumes of larger pack sizes

Disciplined Product Innovation and Geographical Expansion
Drive SKU Expansion in core categories and continue to add touchpoints in distribution network

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

Source: Nielsen.
(1): Based on FY23 Revenue.

MEASURES TO ENHANCE PROFITABILITY AND RETURNS

Bottom slicing

- Reasons for lesser volumes being identified, and levers are worked on to improve them
- Indirect expenses are being saved by discontinuing less popular products

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

Capacity expansion

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

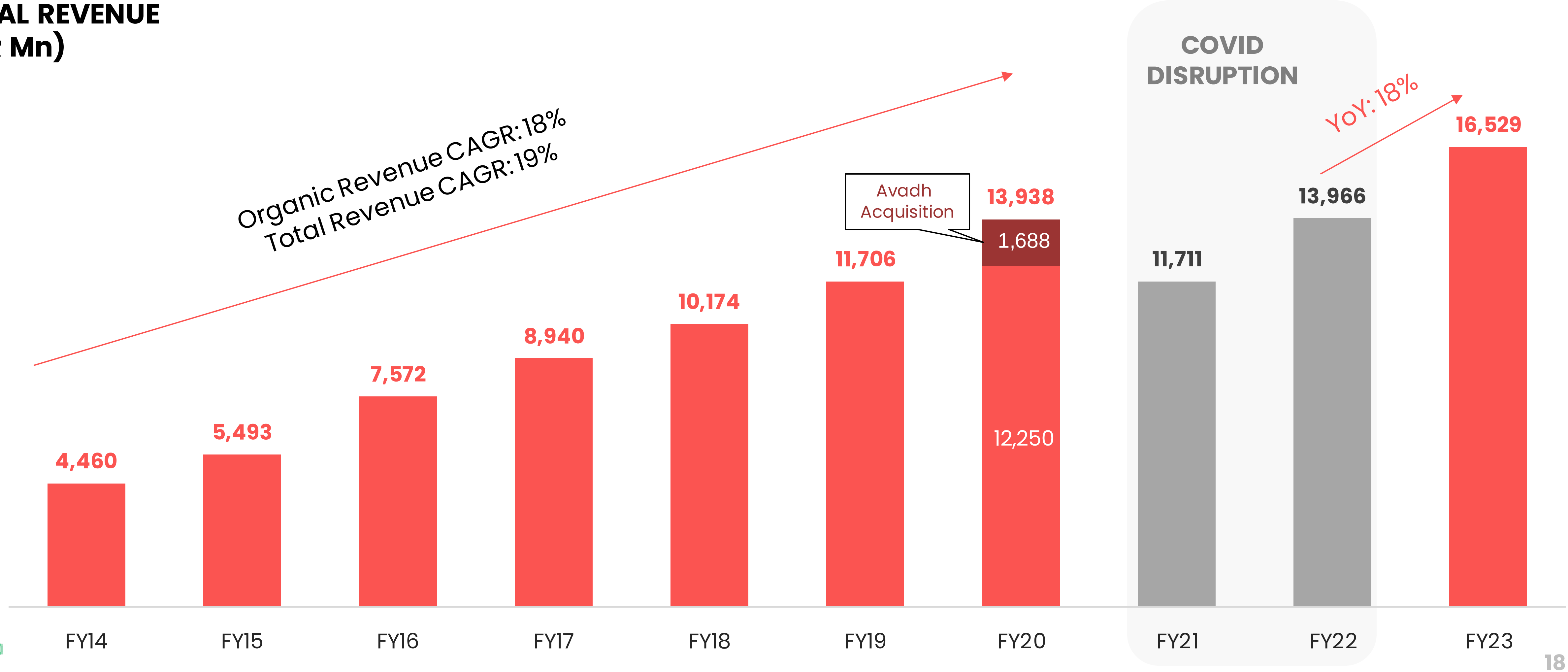
Establishing hubs across India

- 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

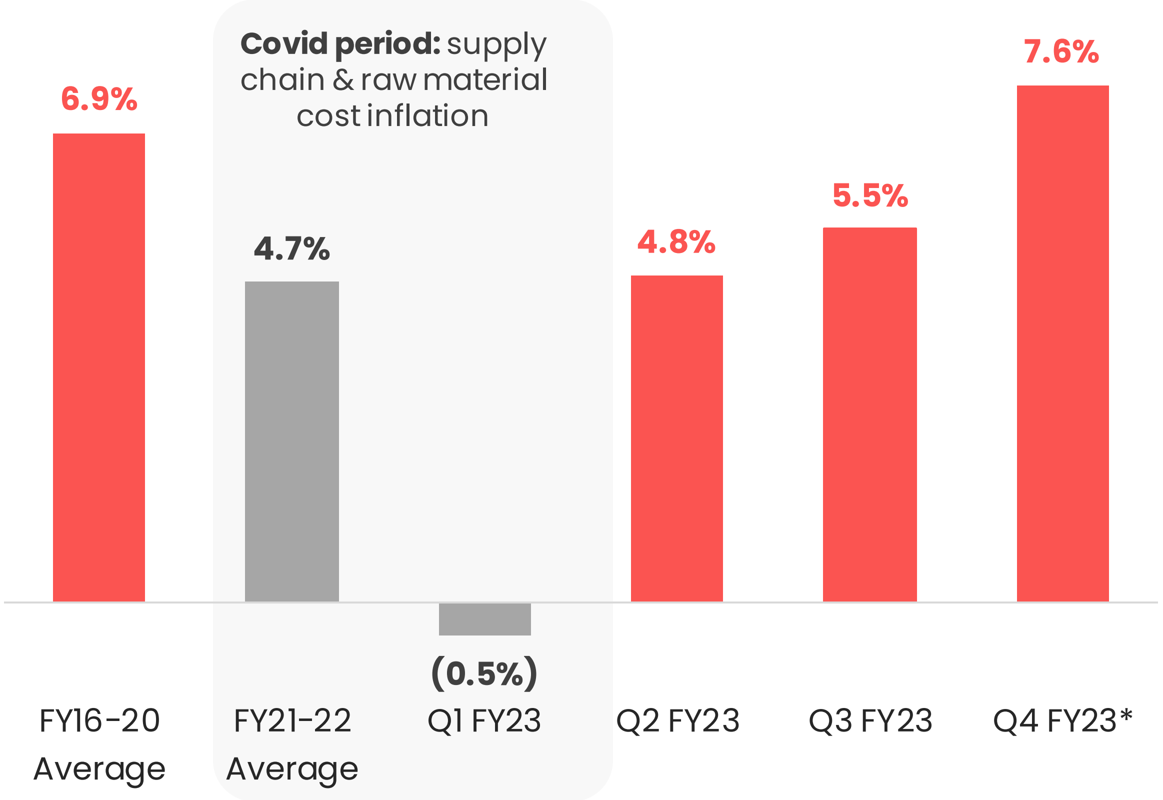
TOTAL REVENUE (INR Mn)



EBITDA MARGIN RECOVERY

On the back of recent stabilization of volatile raw material prices

EBITDA MARGIN (%)



*Adjusted EBITDA represents EBITDA excluding reversal of Production Linked Incentive of Rs. 112.9 million

5 year (FY16-FY20) average EBITDA margin was 6.9%.

In FY22-23, margin was impacted by:

- Inflationary trends in the overall environment affected consumer demand
- Sharp increases in raw material prices, especially palm oil & packaging

Margin pressure was countered by:

- Compression in the overall distribution structure
- Process improvements through automation efforts, portfolio pruning and better average realisation
- Long term contracts to mitigate fluctuations in input prices

With these initiatives, the potential range for margin is superior to pre-COVID levels

OVERCOMING COST PRESSURES

UNDERTOOK MULTIPLE INITATIVES TO OVERCOME SHARP RISE IN INPUT PRICES

RM/PM Price Increase from FY16-20(avg) to Q4 FY23

+60%	Palm Oil
+3%	Laminate
+38%	Corn

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

*Adjusted EBITDA represents EBITDA excluding reversal of Production Linked Incentive of Rs. 112.9 million

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 investment commitment aggregates to ~ Rs.105 crore, of which PSL has already invested Rs. 59 crores with purchase orders issued for the balance amount

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:

Q4 FY23 Performance Update

OPERATIONAL OVERVIEW

Reported strong growth of 19% YoY in sales in FY23

- Delivered continued momentum in top-line on the back of steady demand across key geographies
- Substantial increase in touchpoints over the last 12 months as well as optimizing of existing network through better efficiency has helped the company to deliver strong double-digit growth

Reported EBITDA margin (adjusted for PLI reversal) of 7.6% in Q4 FY23

- There has been moderation in key raw materials such as Palm oil along with slight improvement in cost of packing materials
- This moderation, coupled with the structural improvement undertaken by the company towards an enriched margin profile has resulted in improvement in EBITDA margin by 620 bps YoY from 1.4% in Q4 FY22 to 7.6% in Q4 FY23
- This is the highest EBITDA margin reported in the last 12 quarters

Promising outlook for top-line and profitability on the basis of resilient demand and easing of input prices

- On the back of improved economic activity and slight cooling of inflation, consumer demand is expected to improve going forward
- Maintaining an optimistic outlook for both revenue growth and enhanced profitability

MD & CEO’s Message

Commenting on Q4 & FY23 performance, Mr. Amit Kumat Managing Director & CEO, Prataap Snacks Limited said:

“We have ended FY23 with sales of Rs. 16,417.1 million, higher by 19% YoY. We are pleased to report our second successive year of strong revenue growth after covid disruption elevating us to our highest ever annual revenue. This has been achieved by expansion of our average distribution reach by nearly 1.6 lakh outlets over the last financial year to 21.8 lakh outlets (Source: Nielsen) across the country.

Revenues in the fourth quarter have been impacted by softer consumer demand due to sustained inflationary pressures and sluggish rural activities. As a result, we couldn’t meet the threshold revenue required to qualify for the production-linked incentive this year. Hence, PLI recognised on an accrual basis in Q1 to Q3 this year has been reversed in Q4, impacting the reported EBITDA.

The silver lining has been the improvement in EBITDA margin (adjusted for PLI reversal). Adjusted EBITDA of Rs. 301.9 million in Q4 FY23 was higher by 511% YoY and the margin has improved by 620 basis points from 1.4% in Q4FY22 to 7.6% in Q4FY23, which is the highest in the last 12 quarters. This improvement has been driven by our compressed distribution structure, cost optimization measures and cooling of input prices, setting the tone for an improved margin performance in the next fiscal year.”

He added, “We are optimistic of continuing the pace of revenue growth in the backdrop of increasing economic activity coupled with slowing inflation, which should combine to serve up a favourable backdrop for consumer demand in the year ahead.”

ABRIDGED P&L STATEMENT

(INR Mn)	Q4 FY'23	Q4 FY'22	Y-o-Y Change (%)	FY'23	FY'22	Y-o-Y Change (%)
Sales/Income from operations	**3,979.1**	**3,584.9**	**11%**	**16,417.1**	**13,831.0**	**19%**
Other operating Income	(112.8)	29.7	NA	112.2	135.2	(17%)
Total Income from Operations	**3,866.3**	**3,614.6**	**7%**	**16,529.3**	**13,966.2**	**18%**
Raw Material Cost	2,648.7	2,735.8	(3%)	11,920.3	10,369.3	15%
Gross Profit	1,217.5	878.8	39%	4,609.0	3,596.9	28%
Gross Margins	*31.5%*	*24.3%*	*+720 Bps*	*27.9%*	*25.8%*	*+210. Bps*
Adjusted EBITDA*	**301.9**	**49.4**	**283%**	**624.3**	**583.1**	**7%**
*Adjusted EBITDA margin**	*7.6%*	*1.4%*	*+ 620 Bps*	*3.8%*	*4.2%*	*(40 Bps)*
Depreciation	152.8	139.1	10%	621.3	537.7	16%
Interest	14.2	20.2	(30%)	65.5	67.2	(3%)
Exceptional item	-	(0.8)	NA	-	139.4	NA
Profit after tax	**216.1**	**(29.5)**	**NA**	**202.9**	**29.1**	**597%**
Diluted EPS (Rs)	9.1	(1.3)	NA	8.51	1.24	586%

*1 *Adjusted EBITDA is excluding reversal of Production-Linked Incentive of Rs. 112.9 Mn for Q4 FY23.*
2. Consolidated financials, in rs. Million except as stated.

Balance Sheet

(INRm)	March 2023	March 2022	YoY change
Closing cash and cash equivalents	219.0	189.9	15%
Fixed Deposit with Banks	385.1	695.9	-45%
Inventory	1,352.8	1,446.2	-6%
Receivables	139.9	165.7	-16%
Other current assets	374.5	111.9	235%
Total current assets	**2,471.3**	**2,609.6**	**-5%**
Fixed assets	5,450.3	5,190.9	5%
RoU	506.4	447.6	13%
Other assets	688.2	824.3	-17%
Total assets	**9,116.1**	**9,072.5**	**0.5%**

(INRm)	March 2023	March 2022	YoY change
Payables	1,038.1	901.4	15%
Other current liabilities	288.0	192.3	50%
Other financial liabilities	266.8	529.1	-50%
Short term debt	30.0	300.8	-90%
Current liabilities	**1,622.9**	**1,923.7**	**-16%**
Lease liabilities	392.7	357.2	10%
Other liabilities	258.0	292.9	-12%
Deferred tax liabilities	80.3	256.1	-69%
Non-current liabilities	**731.0**	**906.2**	**-19%**
Equity	6,762.2	6,242.5	8%
Total equity + liabilities	**9,116.1**	**9,072.5**	**0.5%**

Cash Flow Statement

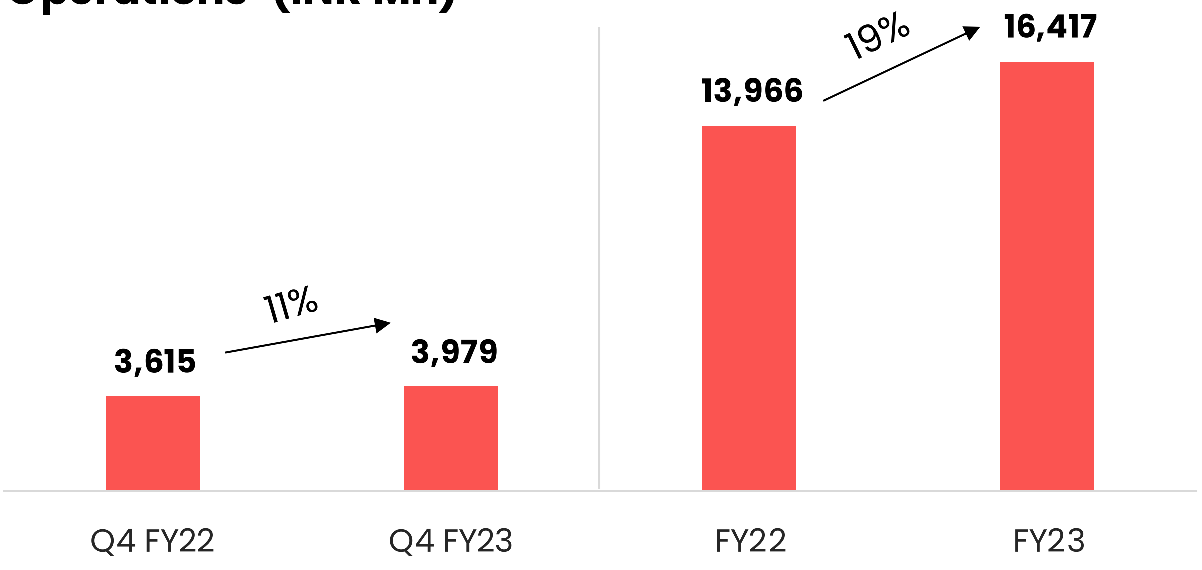
(INRm)	FY23	FY22	YoY change
Reported EBITDA	**624.3**	**583.1**	**7%**
Noncash items in P&L	6.1	-53.3	-111%
Change in WC	224.1	-22.0	-1120%
Income tax paid	-57.8	-50.3	15%
Cash From Operating Activities	**796.7**	**457.5**	**74%**
Capex	-819.6	-312.4	162%
Interest paid	-14.8	-16.0	-7%
Interest received	42.2	47.7	-11%
Free Cashflows	**4.4**	**176.7**	**-97%**
Debt raised / (paid)	-270.0	198.5	-236%
Dividend paid	-11.7	-11.7	0%
Others	306.4	-291.4	-205%
Net cash generated	**29.1**	**72.0**	**-60%**
Opening cash and cash equivalents	189.9	117.8	61%
Closing cash and cash equivalents	**219.0**	**189.9**	**15%**

Commentary

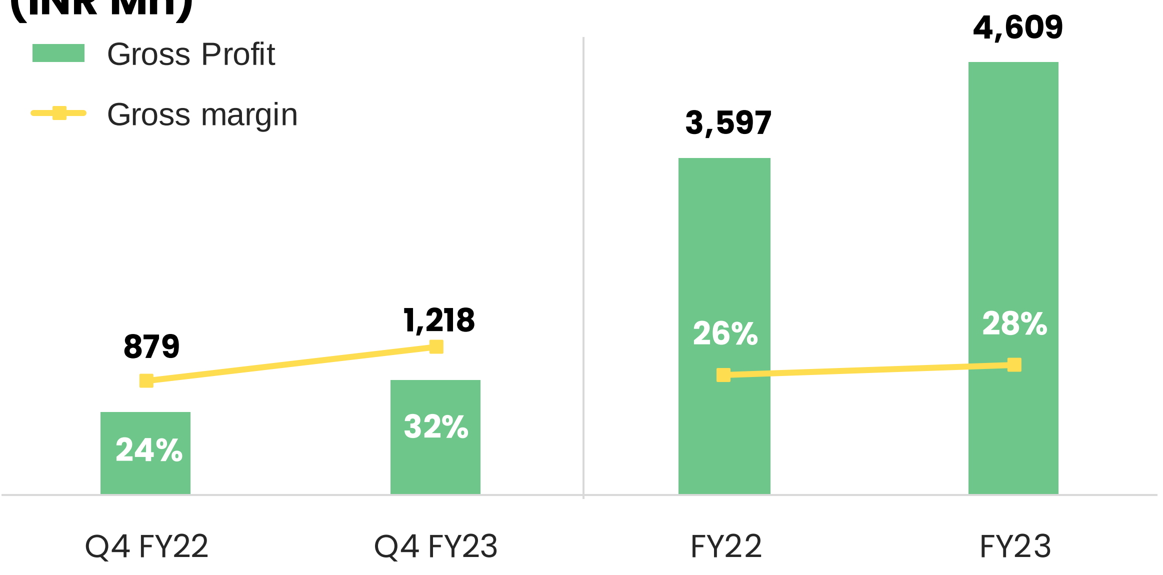
- Significant improvement in cash generation in FY23 supported by further efficiencies in working capital management
- Despite CAPEX deployment as per PLI commitment, made repayment of short-term borrowing and declared dividend
- Strong balance sheet with cash position (Cash & Cash Equivalents + Bank Balance incl. Bank FDs) of INR 604.10 Mn

FINANCIALS – Q4 & FY'23 PERFORMANCE

Sales / Income from Operations (INR Mn)



Gross Profit (INR Mn)



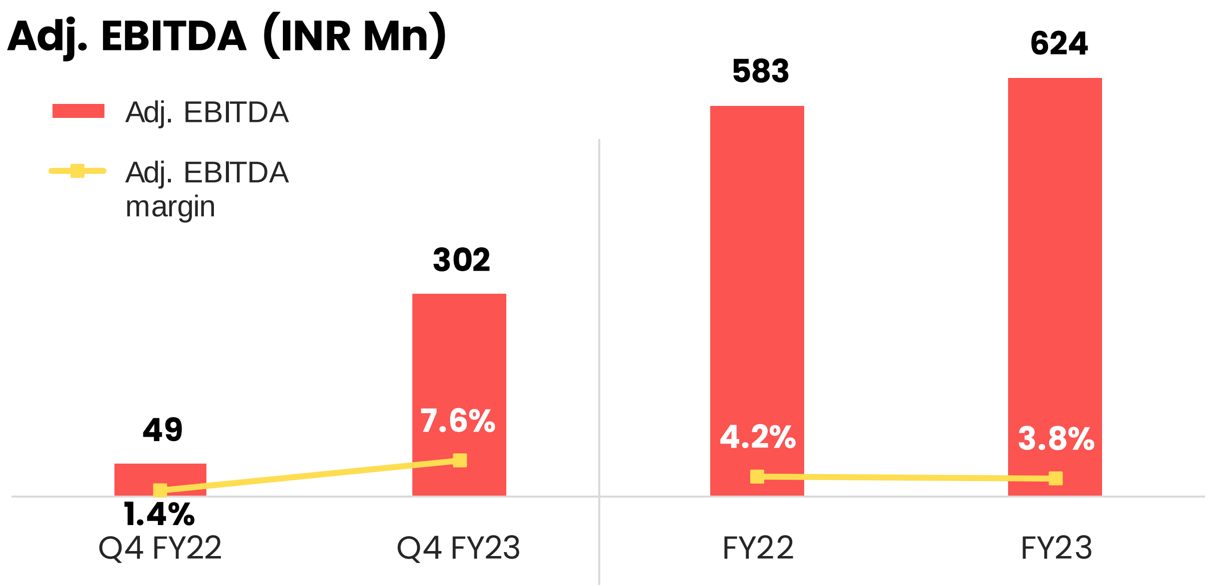
Income from operations grew by 19% in FY23

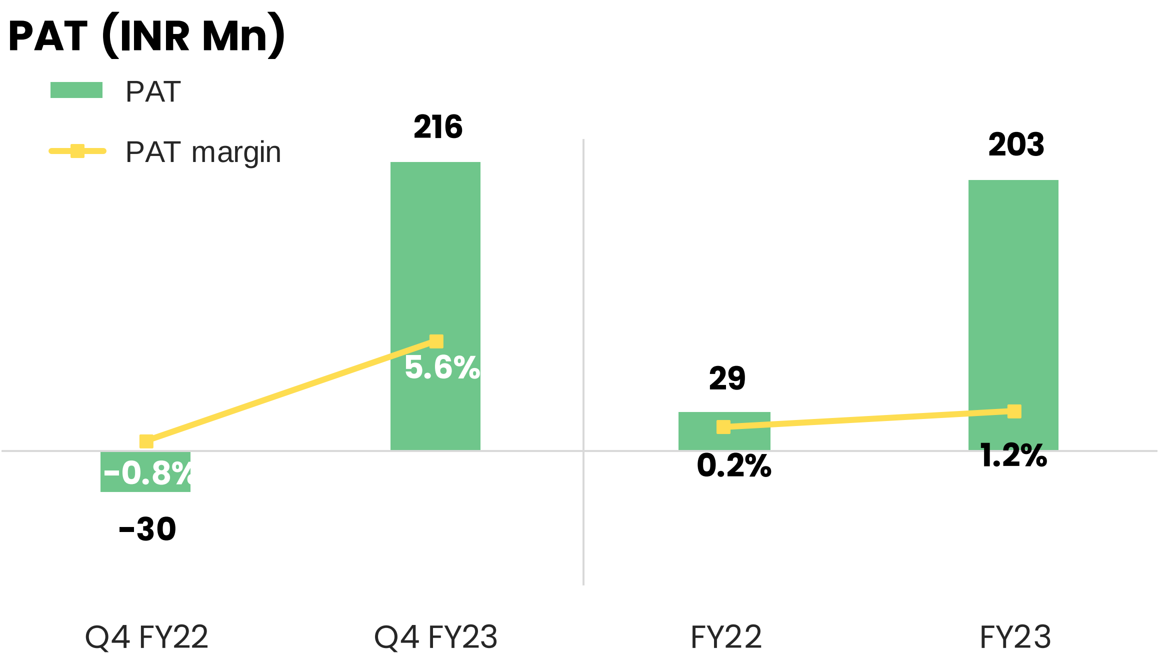
- Reported strong double-digit growth in revenue on a YoY basis in FY23
- Achieved highest ever annual revenue in FY23
- Revenue growth has been driven by expansion of average distribution reach by nearly 1.6 lakh outlets over the last financial year to 21.8 lakh outlets (*Source: Nielsen*) across the country.

Gross margin stood at 32% in Q4 FY23

- Direct distribution initiative and better price realization aided by moderation in input prices have enabled the company to expand the gross margin profile

FINANCIALS – Q4 & FY'23 PERFORMANCE





Adj. EBITDA margin stood at 7.6% in Q4 FY23

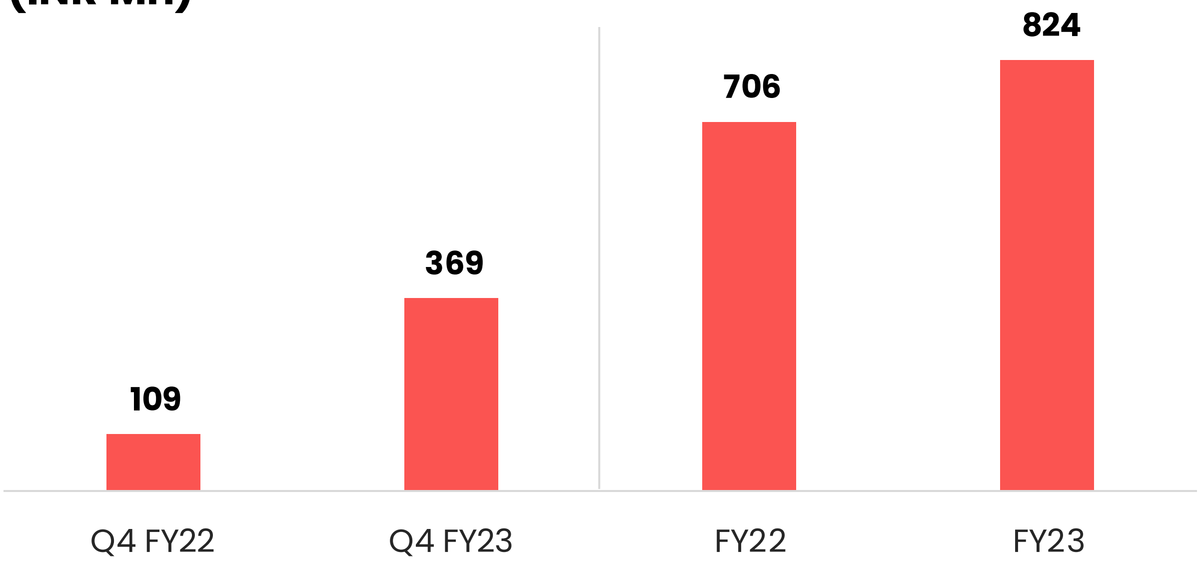
- Initiatives to improve margins combined with softening of prices of key raw materials/packing materials aided better margin performance
- Adj. EBITDA margin of 7.6% is the highest in the last 12 quarters
- Negative EBITDA in Q1 FY23 has impacted the average EBITDA margin for the full year

PAT margin stood at 1.2% in FY23

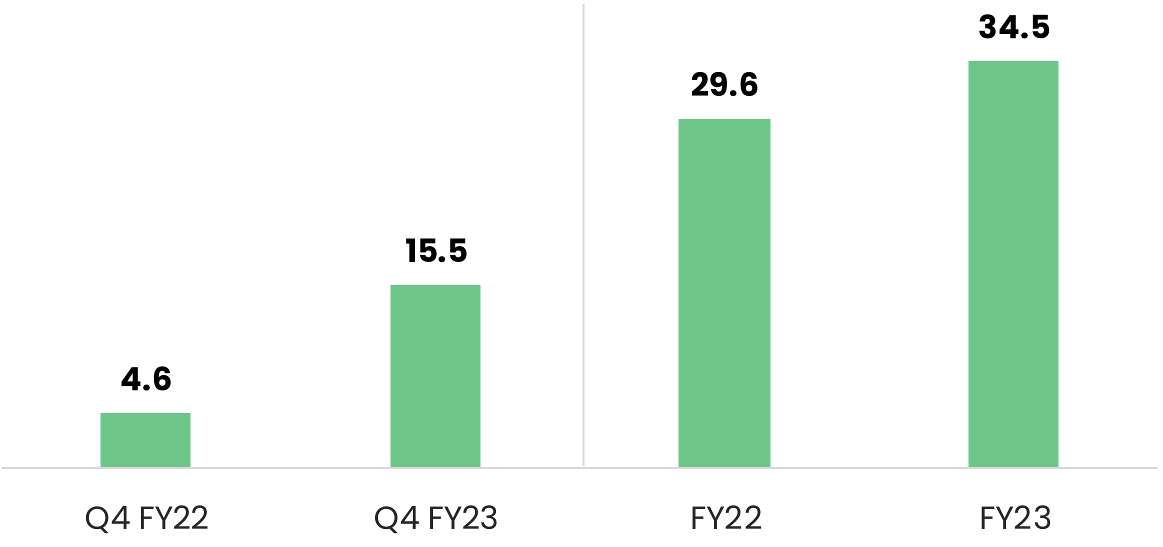
- The improvement in EBITDA has resulted in improved PAT performance
- PAT was aided by reversal of deferred tax amounting to Rs. 194 Mn on account of Avadh merger

FINANCIALS – Q4 & FY'23 PERFORMANCE

Cash profit (INR Mn)



Cash EPS (INR Mn)



Resumed generating healthy levels of Cash Profit

- Cash profit in Q4 FY23 is over 3x of cash profit in Q4 FY22
- This has been supported by the tax adjusted of Rs. 193 Mn on account of Avadh merger

Cash EPS rebounds strongly

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

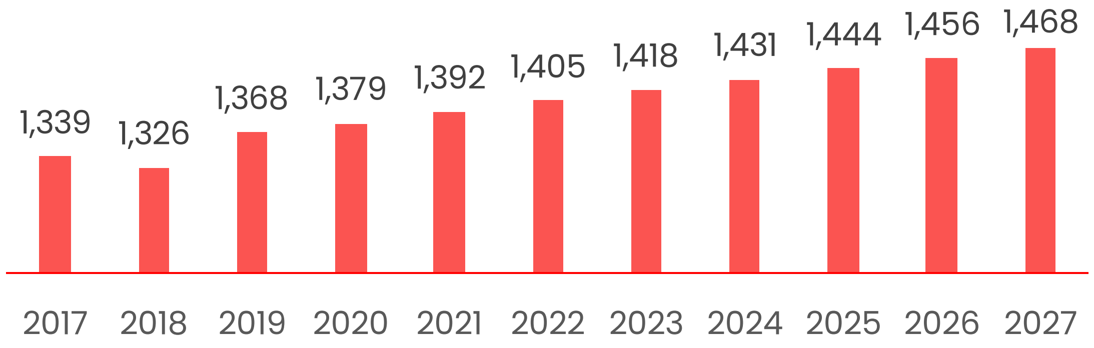
Note: Cash Profit = PAT + Depreciation

EVOLVING TASTES:

Industry Overview

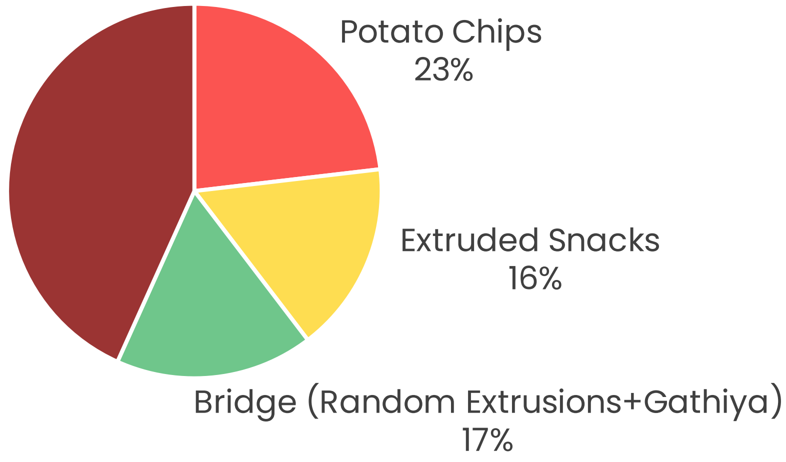
Favourable Demographics Supporting Industry Growth

India Population Trend (MIllions)



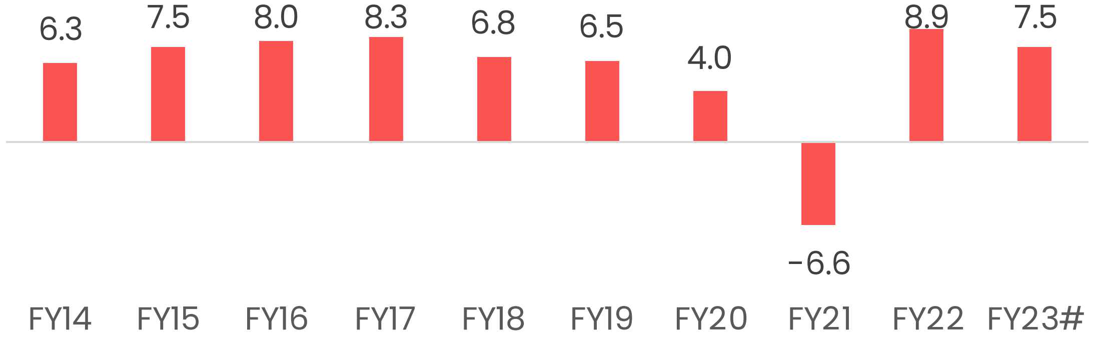
Source: *Statista April 2022*

Total Organized Snacks Food Market Size ~43,800 Crores (FY23)



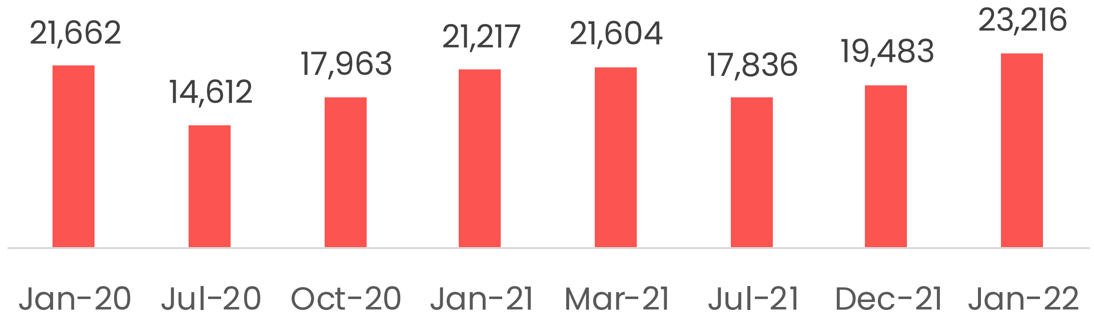
Source: *Nielsen*

India GDP Growth (%)



Source: NSO Second Advance Estimates as on 28th Feb 2022
#SPF report by RBI dated 8th April, 2022)

Consumer spending in India (Rs. Billion)



Source: *Statista, March 2022*

THANK YOU!

Sumit Sharma
Prataap Snacks Ltd
Email: cfo@yellowdiamond.in

Mayank Vaswani / Mit Shah
CDR India
Tel: +91 98209 40953 / +91 99201 68314
Email: mayank@cdr-india.com / mit@cdr-india.com