

TRANSCRIPT OF 13TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE PRATAAP SNACKS LIMITED (THE COMPANY) HELD ON WEDNESDAY, 3RD AUGUST, 2022 AT 3.30 P.M. IST THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO VISUAL MEANS (OAVM).

Good afternoon everyone. I, Om Prakash Pandey, Company Secretary and Compliance Officer of Prataap Snacks Limited welcome you all at the 12th Annual General Meeting of the Company.

In view of continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide its Circular dated 5th May, 2022 read with Circulars dated 14th December, 2021, 13th January, 2021, 8th April, 2020, 13th April, 2020 and 5th May, 2020 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting of companies through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without physical presence of the members at a common venue. Further, SEBI vide its Circular dated 13th May, 2022 has provided relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding sending of hard copy of annual report and proxy form in line with aforesaid MCA Circulars.

Accordingly, in compliance with applicable provisions of the Companies Act, 2013 and Listing Regulations read with the MCA Circulars and SEBI Circular, the 13th Annual General Meeting of the Company is conducted through Video Conferencing. In accordance with Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (ICSI) read with Clarification dated 15th April, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since this AGM is being conducted through Video Conferencing, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxy by the members is not available for this AGM. Members attending the AGM through Video Conferencing are counted for the purpose of the quorum under Section 103 of the Companies Act, 2013.

It's my pleasure to inform you that our Honorable Chairman, Mr. Arvind Mehta is present in this Annual General Meeting and chairing the Meeting as per Article 16(c) of the Articles of Association of the Company.

Now, I would like to introduce the Directors, Officers and Representatives present in this AGM through video conferencing:

1. Mr. Arvind Mehta – Chairman and Executive Director
2. Mr. Amit Kumat - Managing Director and Chief Executive Officer
3. Mr. Apoorva Kumat – Executive Director (Operations)
4. Mr. Chetan Mathur- Independent Director and Chairman of Audit Committee and Risk Management Committee
5. Mr. V. T. Bharadwaj – Independent Director and Chairman of Stakeholders Relationship Committee and Nomination and Remuneration Committee
6. Mr. Sumit Sharma – Chief Financial Officer
7. Mr. Abhishek Baid, Chartered Accountant, representing BSR & Co. LLP, Chartered Accountants, Statutory Auditor; and
8. Mr. Ritesh Gupta, Company Secretary, representing Ritesh Gupta & Co., Company Secretaries, Secretarial Auditor and Scrutinizer

The remaining Directors namely, Mrs. Anisha Motwani, Mr. Vineet Kapila and Mr. Bharat Singh (Alternate Director for Mr. G.V. Ravishankar), expressed their inability to attend the Meeting due to their other prior commitments.

Now, I would like to invite our Honorable Chairman, Mr. Arvind Mehta to proceed further.

Namaste and Good day everyone. A very warm welcome to all and thank you for joining us on our AGM, today. I hope you and your families are safe and healthy.

Since the quorum is present, I call the Meeting to order.

The year gone by was marked by several macro-challenges such as subsequent waves of COVID-related disruptions, unprecedented inflation in input costs and the global geopolitical situation which resulted in spike in crude oil prices as well as agri-products. Against this backdrop, Prataap Snacks has demonstrated remarkable resilience during the year. Our team's commitment and dedication has enabled us to navigate through various uncertainties and emerge far stronger as an organization. Overall, we have delivered a healthy all-round performance during the fiscal year 2022.

On a consolidated basis, our revenues marked a strong growth of 19% YoY, significantly higher than the industry average, primarily led by improved volumes across major product categories.

On the profitability front, we continued to implement cost rationalisation and process improvement initiatives and with this we were able to substantially mitigate the impact of severe inflation. Overall, our operating EBITDA stood at Rs. 58.3 crore, translating to a margin of 4.2%. The combined effect of raw material price inflation and supply chain disruption led to an adverse impact of 700 basis points on EBITDA for the full year which has been largely mitigated with these measures. PAT excluding the exceptional item due to loss by fire at Kolkata plant stood at Rs. 16.9 crore.

Focus on customer connect, new product development, effective marketing and sustained expansion of distribution network continue to be the key pillars of our growth strategy. We are undertaking initiatives to enhance our Pan-India presence, with improved focus on smaller towns and areas. To grow our presence, we are leveraging our 3P model across key geographies, which facilitates a quick roll-out in the market without much capital overlay.

From a demand standpoint, we are seeing strong consumption bytes across our markets. Overall, we are seeing healthy growth across our major product categories, and we are confident that our strategic initiatives should elevate the performance further, going forward.

An important component of delivering value to our shareholders is returning capital in a consistent way. For the full year FY2022, the Board has recommended a dividend of Rs. 0.50 per share, on a face value of Rs. 5.00 per share.

Finally, I take this opportunity to thank each of our stakeholder groups - Board of Directors, Employees, Shareholders, Channel Partner, Vendors, Bankers and Consumers for their continued support and belief in the Company. And to all of you, I would like to express my sincere appreciation for your continued encouragement and support. Prataap Snacks remains well placed as a strong national player with solid brand equity in the industry and we look forward to delivering consistent and healthy performance in the years to come.

This brings me to the end of my discussion. Thank you for your time.

Thank you Sir for giving an overview of the business and operation of the Company, its performance and the way forward.

Now with the permission of Chairman, I confirm the compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder, Secretarial Standard on General Meetings issued under Section 118 (10) of the Companies Act, 2013, MCA Circulars dated 5th May, 2022, 14th December, 2021, 13th January, 2021, 8th April, 2020, 13th April, 2020 and 5th May, 2020, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 13th May, 2022 with respect to calling, convening and conducting this 13th Annual General Meeting. I further confirm that all efforts feasible under the circumstances have indeed been made by the Company to enable members to participate and vote on the items being considered in the Meeting.

The following documents are open for inspection in electronic mode during the Meeting:

- a) Register of Directors and KMP and their shareholding;
- b) Register of Contracts or Agreements in which Directors are interested;
- c) Audited Standalone and Consolidated Financial Statements for the financial year ended 31st March, 2022;
- d) Independent Auditor Report on the Audited Standalone and Consolidated Financial Statements;
- e) Secretarial Audit Report;
- f) Certificate of Secretarial Auditor on implementation of Prataap Employees Stock Appreciation Rights Plan 2018, as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and
- g) Memorandum and Articles of Association of the Company.

The Auditor's Report(s) do not contain any qualification, observation or adverse remark on financial transactions or matters, which have any adverse effect on the functioning of the Company.

The Secretarial Audit Report also do not contain any qualification, observation, or other remark, which have any adverse effect on the functioning of the Company.

In compliance with the aforesaid MCA Circulars and SEBI Circular, the Notice of the AGM, Board's Report, Audited standalone and consolidated financial statements for the year ended 31st March, 2022, Report(s) of Auditor and Secretarial Auditor and other required documents have sent through email to the members and others. With the permission of members present in the Meeting, I would like to take the Notice of the Meeting as read.

As members are aware that the Notice of the Meeting covers three (3) business items to be transacted at this Annual General Meeting. Briefly, the items deal with:

Ordinary Business:

- (i) Adoption of :
 - the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022 and the Reports of the Board of Directors and Auditor thereon; and
 - the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 and the Report of Auditor thereon;
- (ii) Declaration of dividend on equity shares for the financial year ended 31st March, 2022;
- (iii) Re-appointment of Mr. G.V. Ravishankar (DIN: 02604007), as Director, who retires by rotation at this Meeting.

The Company has extended to the members the facility to exercise their right to vote by electronic means through remote e-voting. The remote e-voting period began on 30th July, 2022 at 9.00 a.m. and ended on 2nd August, 2022 at 5.00 p.m.

Further, the facility for voting through e-voting system is available for all those members, who are present in this Meeting and did not cast their votes by remote e-voting and otherwise not barred from doing so.

Members, who have already cast their votes through remote e-voting are not entitled to vote again and vote, if any, cast in the Meeting shall be treated as invalid.

Mr. Ritesh Gupta, Company Secretary, Proprietor of Ritesh Gupta & Co., Company Secretaries, has been appointed by the Board of Directors as Scrutinizer to scrutinize the remote e-voting and e-voting in the Meeting.

Now, I invite the members who have registered themselves as a speaker upon having sent their request as such in advance as per procedure prescribed in the Notice of AGM.

I request the speaker members that the comments must be restricted to the business of the Annual General Meeting and relating only to the Company and not to any other matter.

Our First speaker: Mr. Rajat Setiya

Thank you. Just few questions from my side. The Company has taken some steps to rationalise the distribution and also worked a lot on cost cutting and at the same time the raw material cost are softening. So, what kind of margins are we expecting in FY23? What is the sales mix in FY22? What we expect in the next 1 – 2 years and any big changes in that front? How much advertisement cost are we expecting to spend as percentage of sales in FY 23? What kind of growth are we expecting from Avadh and what is the target for Rs. 2500 crore sales? These are my questions Sir.

Now, I request Mr. Amit Kumar, Managing Director & CEO to address the queries raised by the member.

Okay. Let me take the 2nd question first. In terms of products sales ratio difference, the Rings sales have gone little bit down and Chips and other Namkeen sales has been increased considerably. We hope that going forward the Namkeen portfolio will increase considerably compared to all other products. As far as overall growth is concerned, we see a minimum growth of 15% per annum. Now I request Sumit to take the first question on the margin side.

Good afternoon Mr. Rajat, on the margin side as you have rightly said that we have taken steps for rationalising the distribution network and whatever changes we have done are of permanent nature and they are going to stay with us. So whatever saving we are going to have because of softening of raw material prices, will be retained and will reflect in our overall margins. It is difficult to quantify the margin since we cannot predict the raw material prices.

Your 3rd query, with respect to advertisement cost – so currently the advertisement cost is around Rs. 15 crores a year and which is largely around the Rings category where we offer free toy inside the packet and we advertise on the kids channel. With reduction in the commodity pricing we may plan some advertisement spent on our yellow diamond brand. However, nothing has been finalised yet. We may increase our advertisement spent with the softening of raw material prices.

Your last question related to Avadh, we see Avadh in two ways, Avadh in Rajkot – where we essentially sell all the products in Gujarat and the neighbouring district of Maharashtra and Rajasthan and those products are produced and sold from Rajkot facility. The other aspect of Avadh is the entire pellet business which we manufacture in Prataap's facility and sell in the existing Prataap's market. If we add both the business, the volume is high, last year in Avadh's standalone we did sale of around Rs. 185 crores and we aspire to grow a minimum 15% on a year on year basis.

Hope I have answered your queries.

Yes Sir, thank you so much.

Thank you.

Our Second speaker: Mr. Yashvee Kothari

So my first question is on the mix of packets, do you see any shift towards a ten rupee packet from a five rupee packet and trying to push sale of ten rupee packet? What is the update on the fire insurance and the capital expenditure plan under the PLI Scheme?

For the first query with respect to shift towards a ten rupee packet I would request Mr. Amit Kumar, Managing Director & CEO to address the query raised by the shareholder and the query with respect to fire insurance claim and capital expenditure under PLI Scheme I would request Mr. Sumit Sharma, Chief Financial Officer to address the queries.

Our sale of above five rupees packets is less than 10% of overall sales, which we expect to grow around 25% - 30% in the next three years and for this, we are trying to concentrate on modern trade and some institutional concept where we can sell bigger packets of Namkeen.

On the Insurance side, we have submitted all the papers to the Insurance Company's Surveyor, due to some technical difficulties the Insurance Company changed its Surveyor. So again, we have re-submitted the documents with the newly appointed Surveyor. The Surveyor has completed his ground work and they are in the process of submitting their final report to the Insurance Company. So far there is no red flag raised by the Surveyor and we are hopeful that the Surveyor will be able to submit the report by end of this month and then the Insurance Company will take the necessary action.

On the capital expenditure under the PLI Scheme, so we got the approval under the PLI Scheme in last year and there is a commitment of investment of around Rs. 105 crores. Out of this, Rs. 105 crores we have already invested around Rs. 32 crores in FY22 and remaining amount will be invested in this year. We are planning to put a greenfield project in North India and there will be some capital expenditure in the existing facilities for expansion.

Hope I have answered your questions.

Yes, that's it from my side.

Thank you.

Our next speaker: Mr. Vishal Jain

Good afternoon everyone, myself Vishal Jain, my specific question is that, as I understand that the Company has received approval under PLI Scheme of Government of India under Ready to Cook/Ready to Eat segment. I would like to know the benefits which the Company will get under the PLI Scheme and is there any obligation under it?

I request Mr. Sumit Sharma, Chief Financial Officer to address the query raised by the member.

Yes, Good afternoon Mr. Vishal Jain/

We got approval under PLI Scheme of Government of India under Ready to Cook/Ready to Eat segment and there are some conditions attached to it, the benefit is available for six years starting from FY22 to FY 27, all the Company's products are eligible except the potato chips. As per the Scheme we need to invest around Rs. 105 crores. Out of this Rs. 105 crores we have already invested around Rs. 32 crores in FY22 and remaining amount will be invested in this year. As per the Scheme we will get the incentive on the incremental turnover. The base year of the same is FY 2019-20. So whatever incremental turnover we will achieve over the turnover of FY 19-20 we would be eligible for incentive @7.5%. This 7.5% is for four years, from FY 22 to FY25 then for FY 26 the rate of incentive will be 6.5% and for FY 27 the rate of incentive will be 6%. There are two conditions attached to it, the Company has to grow at least by 10% CAGR for the base year and the entire benefit is capped at 13% CAGR on the upper side.

Hope I have answered your question.

Yes, thank you.

Thankyou speaker members.

Now, with the permission of Chairman, I read out the resolutions of business items to be transacted in the Meeting.

Resolution No.1 as an Ordinary Resolution:

“**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022 and Reports of the Board of Directors and Auditor thereon, be and are hereby considered, approved and adopted.

RESOLVED FURTHER THAT the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 and Report of Auditor thereon, be and are hereby considered, approved and adopted.”

Resolution No.2 as an Ordinary Resolution:

“**RESOLVED THAT** a dividend of INR 0.50 per equity share (i.e. 10%) on 2,34,53,036 equity shares of Rs. 5/- each fully paid-up, be and is hereby declared for the financial year ended 31st March, 2022 and the same be paid to all those members whose names appear in the Register of Members or Beneficial Owners Record as on 27th July, 2022, the date fixed for the purpose.”

Resolution No.3 as an Ordinary Resolution:

“**RESOLVED THAT** Mr. G.V. Ravishankar (DIN: 02604007), Director, who retires by rotation at this Annual General Meeting in terms of Section 152 (6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

Now, I request Members, who are present in the Meeting and did not cast their votes by remote e-voting and otherwise not barred from doing so may cast their votes through e-voting system now. The voting will be allowed till 15 minutes after the conclusion of the AGM.

Now, I invite our Managing Director and Chief Executive Officer, Mr. Amit Kumat for vote of thanks.

Dear Chairman, with your permission I would like to propose a vote of thanks.

All the milestones that were achieved today is the result of joint efforts. On this note, I wish to thank the Directors for their continuous guidance and support, the Shareholders for their faith in the Company, thanks to the Vendors, Suppliers, Customers, Consumers and Bankers for their support and last but not the least thanks to Employees, who are part of the Prataap family for their untiring efforts and contribution in the performance of the Company in these difficult times.

Going forward, we would focus on strengthening our capabilities, and relationships with customers to create long-term business opportunities. We would continue to be an organisation with innovative skills service and superior quality products, and in doing so create long-term value for all our stakeholders.

Thank you everyone for being part of this Annual General Meeting. Hope to see you next year.

Thank you Sir.

Based on consolidated Scrutinizer's Report the combine result of remote e-voting and e-voting in the Meeting will be declared on 4th August, 2022 at the Registered Office of the Company at Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore, Madhya Pradesh.

The Meeting stands concluded at 4.00 p.m. Thank you all.