

**TRANSCRIPT OF 14<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF THE PRATAAP SNACKS LIMITED (THE COMPANY) HELD ON THURSDAY, 3<sup>RD</sup> AUGUST, 2023 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 14<sup>th</sup> Annual General Meeting of the Company.

The Ministry of Corporate Affairs (MCA) has vide its Circular dated 28<sup>th</sup> December, 2022 read with Circulars dated 5<sup>th</sup> May, 2022, 14<sup>th</sup> December, 2021, 13<sup>th</sup> January, 2021, 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting of a company 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 5<sup>th</sup> January, 2023 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, this 14<sup>th</sup> 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 15<sup>th</sup> 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 this AGM through Video Conferencing are counted for the purpose of the quorum of the Meeting.

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:

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
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 have expressed their inability to attend the AGM due to their prior commitments.

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

Thank you Om.

Namaste and good afternoon. I would like to extend my warm greetings to each and every one of you. On behalf of Prataap Snacks Limited, I would like to express my heartfelt gratitude for your presence at our Annual General Meeting.

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

I am immensely proud to announce that despite navigating a challenging macro environment marked by high inflation, increasing interest rates and sharp volatility in commodity prices, we have concluded Financial Year 2022-23 with a remarkable performance. Through strategic initiatives implemented in preceding years, we have successfully streamlined our operations, resulting in our highest-ever annual sales. Our sales increased from Rs. 1,396.62 crore in FY22 to Rs. 1,652.93 crore in FY23, resulting a growth of 19% on a year-on-year basis.

One of the key drivers of the growth in sales has been the expansion of our distribution reach. We have increased our average distribution reach by nearly 1.6 lakhs outlets over the last financial year to 21.8 lakhs outlets across the country. By leveraging our existing distribution strength and optimizing its effectiveness, we continue to solidify our position as a prominent Pan India Player in the snack foods industry.

After the sharp rise in commodity price in the first quarter of the fiscal year due to the Russia Ukraine War, we implemented several measures to optimize costs. Apart from streamlining our manufacturing process and reworking some recipes, we also rationalized grammages and tightened trade margins. In addition, the initiative implemented two years ago to compress our distribution structure also contributed to the momentum in EBITDA margin.

This has proved effective as we reported a margin of 7.6% in the fourth quarter, which was the highest level in the last 12 quarters. This improvement in margin in the fourth quarter has been one of the highlights for the year. As we have shared in our Annual Report, the average EBITDA margin for 5 years of FY16 to FY20 was 6.9%. Compared to that period, prices of several key inputs are at much higher levels. Despite this, we have exited the financial year with a superior margin as the EBITDA margin in the fourth quarter is higher than the 5 years average, which clearly shows the improved profile of the business.

We have deployed several initiatives to ensure that we continue to grow and keep enhancing our presence. We have deployed a dual strategy to expand our presence in established and focused markets. We also intend to penetrate emerging, high-potential markets and reach a vast consumer base and effectively communicate the unique benefits and value we offer.

I am delighted to inform you all that for FY2023, the Board has recommended a dividend of Rupee 1.00 per share, based on a face value of Rupee 5.00 per share. This emphasizes our commitment to delivering consistent value and strengthening our relationship with our valued shareholders.

In closing, I would like to express my heartfelt gratitude to all our stakeholders - the Board of Directors, Employees, Shareholders, Channel Partners, Vendors, Bankers and Consumers for their unwavering support and trust in our Company. We maintain an optimistic outlook for revenue growth and profitability, driven by our focus on expanding distribution and range selling activities.

As reach to the end of my speech, I wish you all a very happy and fruitful two thousand and twenty three.

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 28<sup>th</sup> December, 2022, 5<sup>th</sup> May, 2022, 14<sup>th</sup> December, 2021, 13<sup>th</sup> January, 2021, 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5<sup>th</sup> January, 2023 with respect to calling, convening and conducting this 14<sup>th</sup> Annual General Meeting of the Company. 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 this AGM.

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

- 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 31<sup>st</sup> March, 2023;
- d) Independent Auditor Reports 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. However, there are following unfavourable remarks under 'Report on other legal and regulatory requirements' section in terms of the Companies (Auditor's Report) Order, 2020 (CARO) in the Auditor's Report on the Standalone Financial Statements:

- i. The amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund. No undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable, except Provident Fund as detailed in clause vii (a) in the Annexure A to the Auditor's Report on the Standalone Financial Statements.
- ii. The transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 except the transactions with one related party as detailed in clause xiii in the Annexure A to the Auditor's Report on the Standalone Financial Statements, for which prior Audit Committee approval was not obtained under Section 177 of the Companies Act, 2013 however ratified by approval by Audit Committee in the meeting held on 26<sup>th</sup> May, 2023.

Here, I would like to inform the members that the slight delay in deposit of provident fund in few cases and were in arrears as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable as detailed in clause vii (a) in the Annexure A to the Auditor's Report was due to mismatch of Aadhaar details and provident fund account details of such cases.

Further, the prior approval of Audit Committee has taken for all related party transactions except for transactions with one related party as detailed in clause xiii in the Annexure A to the Auditor's Report. The same was due to oversight. The transactions with said related party were entered on arm's length basis and in ordinary course of business and accordingly, the transactions with said related party have subsequently approved and ratified by the Audit Committee in its Meeting held on 26<sup>th</sup> May, 2023.

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

- i. The prior approval of Audit Committee has taken for all related party transactions except for transactions with one related party, which subsequently approved / ratified by the Audit Committee in its meeting held on 26<sup>th</sup> May, 2023.

For this, I would like to inform the members that the prior approval of Audit Committee has taken for all related party transactions in terms with provisions of Section 177 of the Companies Act, 2013 read with Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for transactions with one related party. The same was due to oversight. The transactions with said related party were entered on arm's length basis and in ordinary course of business and accordingly, the transactions with said related party have subsequently approved and ratified by the Audit Committee in its Meeting held on 26<sup>th</sup> May, 2023.

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 31<sup>st</sup> March, 2023, Reports 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:

(i) Adoption of :

- the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 and the Report of Auditor thereon;

(ii) Declaration of dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2023;

(iii) Re-appointment of Mr. Arvind Mehta (Director Identification Number: 00215183), 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 30<sup>th</sup> July, 2023 at 9.00 a.m. and ended on 2<sup>nd</sup> August, 2023 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 related to Company only.

First speaker: Mr. Prateek Maheshwari

I request CDSL IT Team to unmute Mr. Maheshwari.

Yes unmuted. Please proceed.

Yes Mr. Maheshwari, you can ask your question.

CDSL Team is he there in the Meeting.

Yes, he is there and I have unmuted him.

Okay. Mr. Maheshwari can you see and hear us?

I request CDSL team to assist him.

Good afternoon everyone. Am I audible?

Yes, you are audible. Please proceed.

Sir, my question is that as the Company has seen severe cost pressure on some of the key raw materials and packaging material, which has impacted the margin. However, there was improvement in margin in quarter 4 last year. So, I want to understand what is the outlook for margin trajectory for mid to long term?

Thank you.

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

Yes, Mr. Maheshwari, you are right. We have been facing severe costs pressure in some of the key raw materials and packaging material since last 2 years and during this period, we have taken various measures to optimise our cost structure, especially, we have shifted from 3 tier distribution model to 2 tier distribution model. In addition to squeezing the distribution model, we have also done various things to optimise our operational cost and all these things have yielded the results. Now with the reversal in the commodity pricing we are gaining the advantage of all the structural changes what we have made over the period and that was reflected in quarter 4 FY23 margins as well. And we are confident with all these changes, we would be able to deliver a double digit EBITDA margin in mid-term to long term.

Hope I have answered your question.

Yes Sir. Thank you.

Thank you Mr. Maheshwari.

Thank your Mr. Maheshwari and Sumit Sir.

Our next speaker is Mr. Kaushik Mehta

I request CDSL IT Team to unmute Mr. Mehta.

Yes Sir, we checked, he is not in the meeting.

Okay. He has not joined the meeting.

Yes Sir.

Moving to our next speaker. Our next speaker is Mr. Manoj Joshi

I request CDSL IT Team to unmute Mr. Joshi.

Yes Sir, he is also not there in the meeting.

Okay.

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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 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 Rupee 1.00 per equity share (i.e. 20%) on equity shares of Rs. 5/- each fully paid-up, be and is hereby declared for the financial year ended 31<sup>st</sup> March, 2023 and the same be paid to all those members whose names appear in the Register of Members or Beneficial Owners Record as on 27<sup>th</sup> July, 2023, the date fixed for the purpose.”

Since the Chairman of the Meeting is interested in the next resolution as it pertains to his re-appointment as Director. Hence, with the consent of Chairman and Directors present in the Meeting, I request Mr. Amit Kumat, Managing Director & Chief Executive Officer to chair the Meeting and conduct the proceeding in respect of next item of business.

Thank you.

Now, I move the **Resolution No.3 as an Ordinary Resolution:**

“**RESOLVED THAT** Mr. Arvind Mehta (Director Identification Number : 00215183), Director, who retires by rotation at this Annual General Meeting in terms of Section 152 sub-section 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 Mr. Arvind Mehta to resume the Chair for the remaining proceeding of the Meeting.

Thank you.

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.

Based on consolidated Scrutinizer’s Report, the combine result of remote e-voting and e-voting in the Meeting will be declared on 4<sup>th</sup> August, 2023 at the Registered Office of the Company at Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore, Madhya Pradesh.

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

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

All the milestones achieved by the Company 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 and other stakeholders for their support and last

but not the least thanks to Employees, who are part of the Prataap family for their efforts and contribution in the performance of the Company.

Going forward, we maintain an optimistic outlook for both revenue growth and profitability on the back of continued emphasis on the expansion of distribution and range selling activities. We remain committed to generating substantial value for our stakeholders.

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

Thanks you Sir.

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