



Ref. No.: PSL/2023-24/CS/SE/53

Date: 2nd November, 2023

To, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Symbol: DIAMONDYD	To, Corporate Relationship Department BSE Limited P.J. Towers, Dalal Street, Mumbai - 400 001 Security Code: 540724 Security ID: DIAMONDYD
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Subject: Investor Presentation for the quarter and half year ended 30th September, 2023

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Investor Presentation for the quarter and half year ended 30th September, 2023.

The aforesaid presentation is also available on the Company's website www.yellowdiamond.in

This is for your information and records.

Thanking you,

Yours faithfully,

For **Prataap Snacks Limited**

Amit Kumat

Managing Director and Chief Executive Officer

Encl.: As above

Prataap Snacks Limited

CIN: L15311MP2009PLC021746



PRATAAP SNACKS LIMITED

Q2 FY24 Earnings Presentation

2 November 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

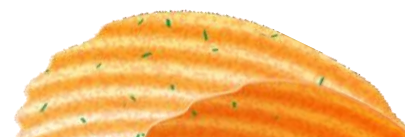
Founder-led management
team guided by an able
Board



Source: Nielsen.

(1): As of 2023, CAGR for last 5 years.

(2): Revenue CAGR from FY14 to FY23.



KEY MILESTONES



2003

Company founded

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

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

2005

Set up a plant to manufacture Potato Chips in Indore



Corporate development

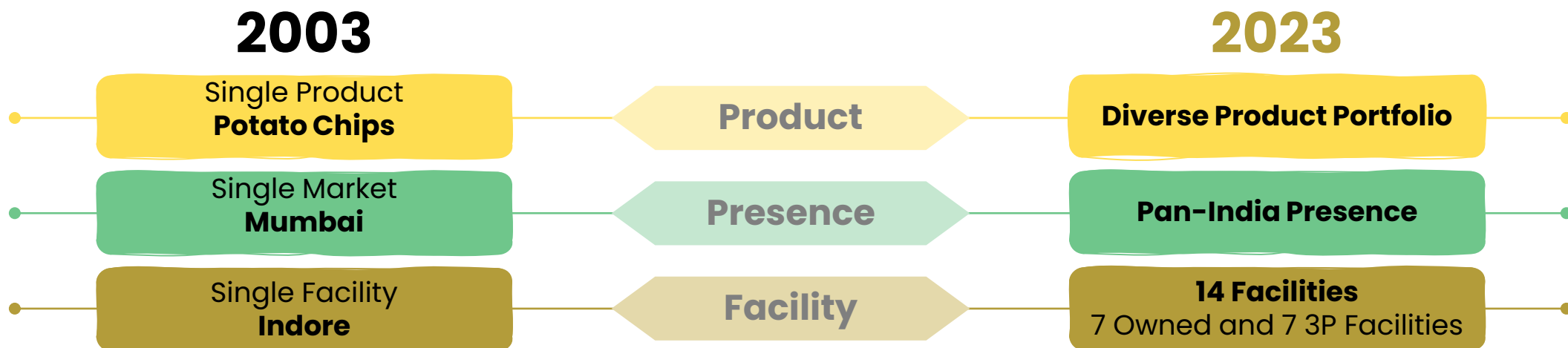


Category expansion



Geographical expansion / Facility Addition

COMPANY EVOLUTION











Snapshot of Recent Growth

2014	Rs. 446 Cr	Revenue	Rs. 1,653 Cr	2023
	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
 <p>Extruded Snacks</p>	58%	 <p>Chulbule Rings Wheels Pellets Scoops Puff Stix</p>
 <p>Potato Chips</p>	23%	 <p>Chips Chips Chips Chips Chips</p>
 <p>Namkeen</p>	16%	 <p>Moong Dal Chana Masala Masala Premium Bhujia Sev Bhavnagari Gathina Bhavnagar Gathina</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, 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

Dildaar hain
hu♥

Brand tagline encapsulates the philosophy of delivering value to the customer

Current Associations / Brand Ambassadors



Past Associations / Brand Ambassadors



OPERATIONAL EXCELLENCE

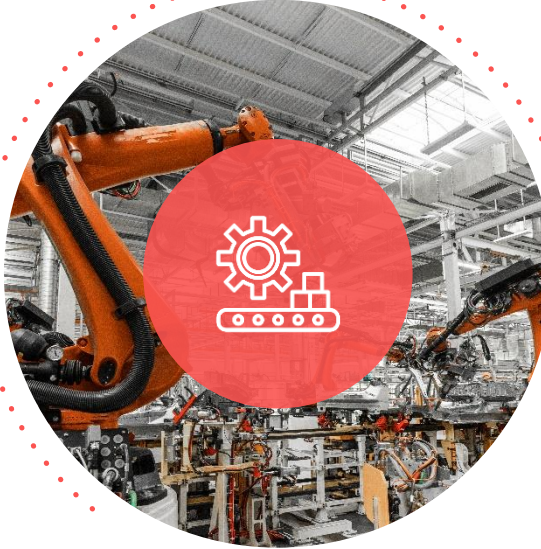
Powered by tech and automation



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

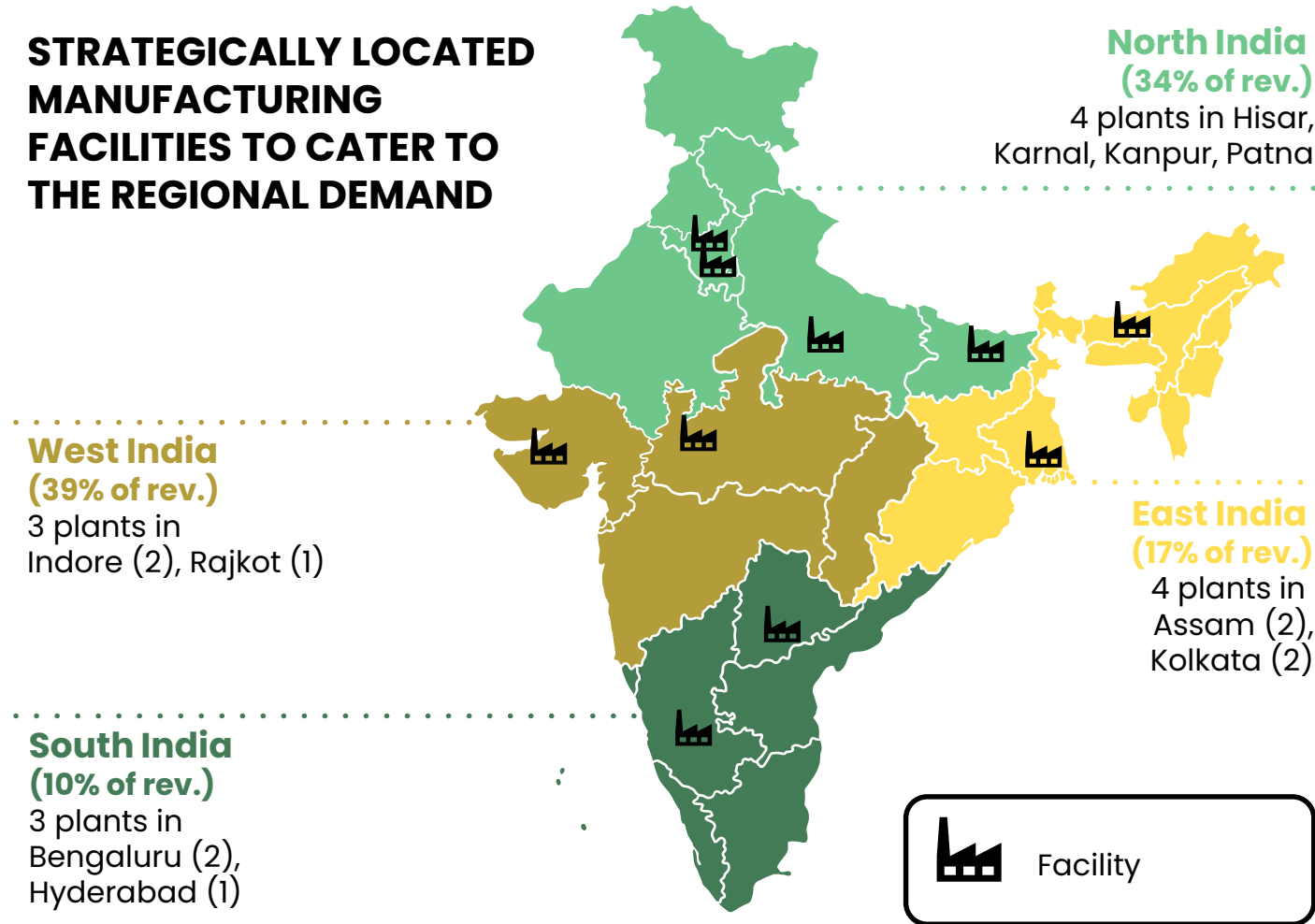
State-of-the-art SFA being used to guide sales team with assisted order taking

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



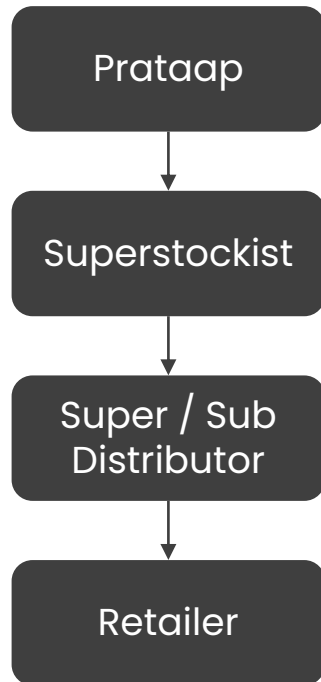
Leveraging mix of contracted and owned manufacturing

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

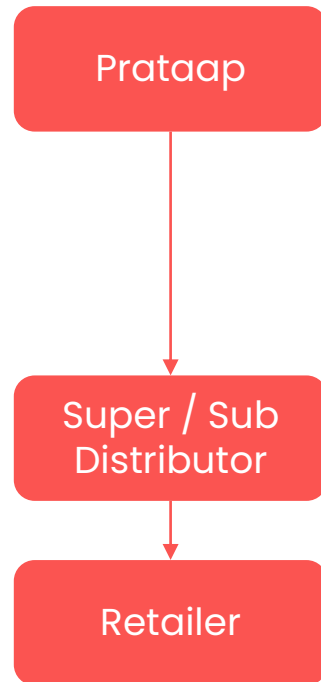
OPTIMISED DISTRIBUTION MODEL

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 ~2.2M 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

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



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

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



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



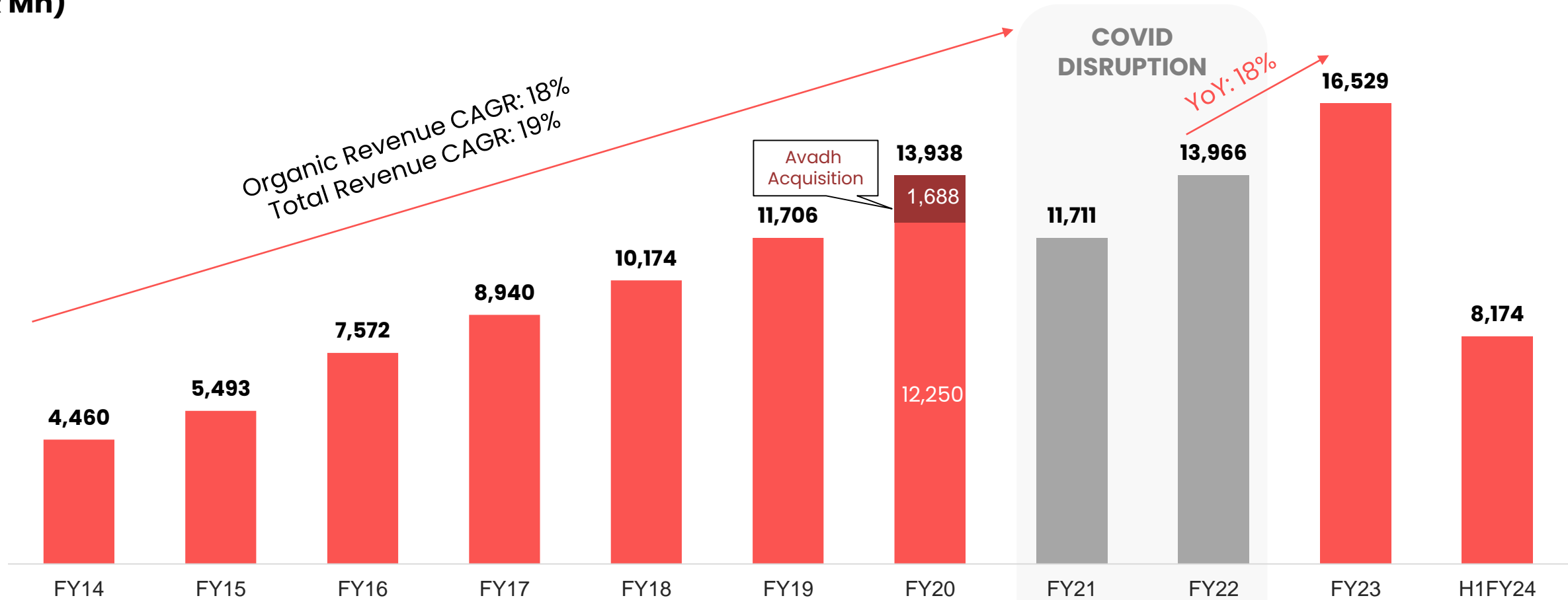
Establishing hubs across India

- 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

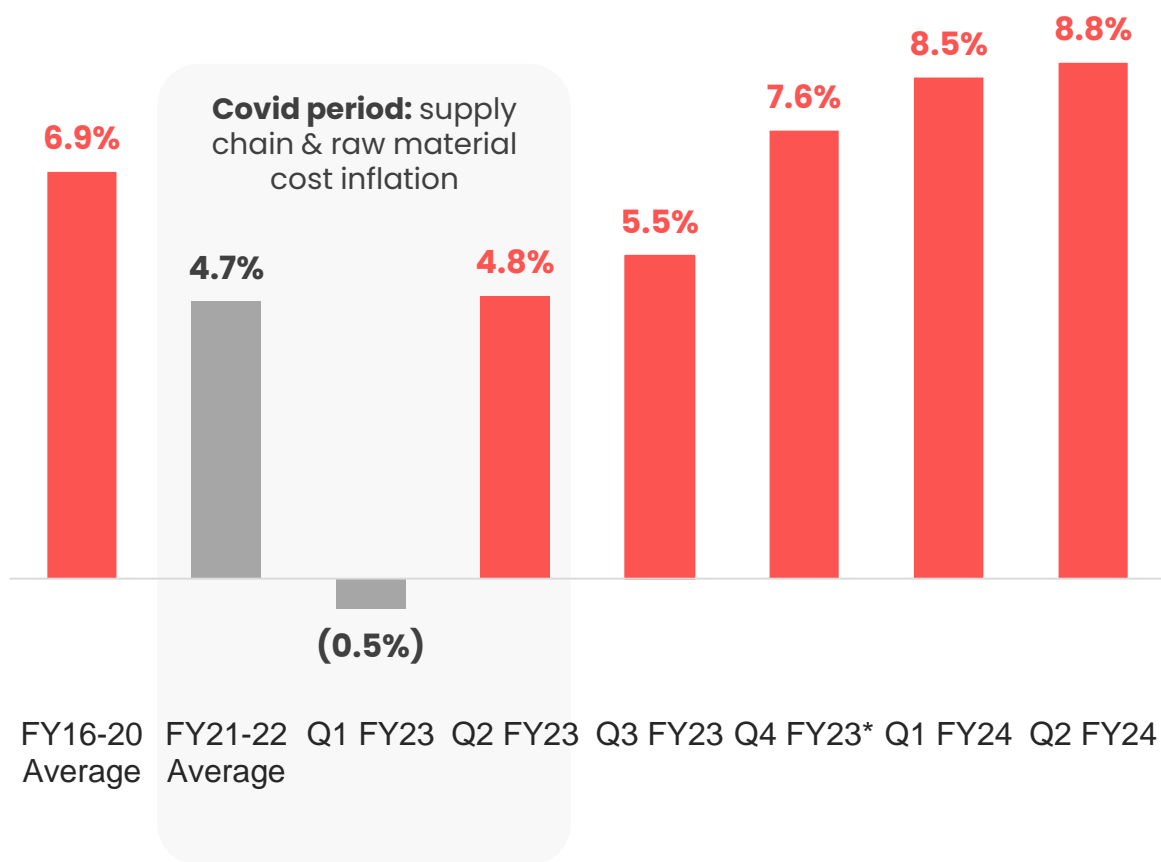
TOTAL REVENUE (INR Mn)



EBITDA MARGIN RECOVERY

On the back of recent stabilization of volatile raw material prices

EBITDA MARGIN (%)



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

In FY21–22 and FY22–23, there was impact on margin due to:

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

The Company undertook following steps to structurally improve the margins:

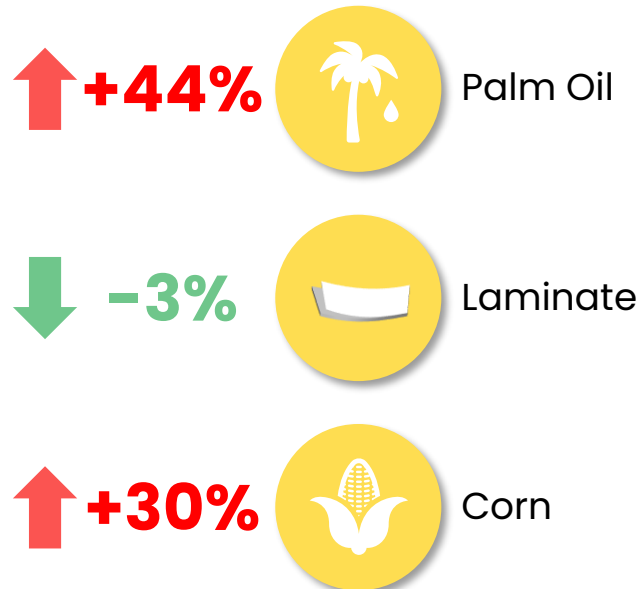
- Compression in the overall distribution structure
- Process improvements through automation efforts, portfolio pruning and better average realisation
- Long term contracts to mitigate fluctuations in input prices

On the back of these initiatives' margins have shown significant improvement over last 5 quarters and surpassed pre-COVID levels with scope to improve further

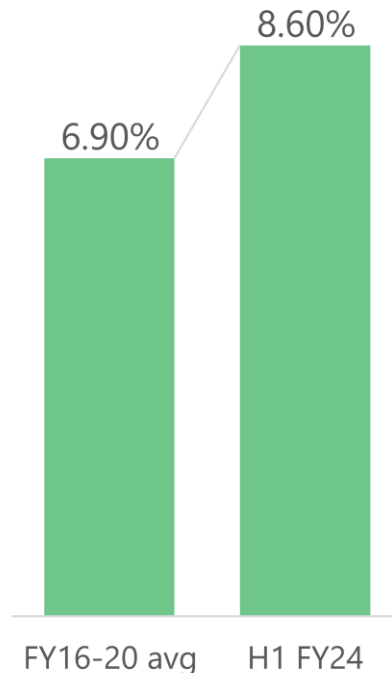
OVERCOMING COST PRESSURES

UNDERTOOK MULTIPLE INITIATIVES TO OVERCOME SHARP RISE IN INPUT PRICES

RM/PM Price Increase from
FY16-20 (avg) to H1 FY24



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

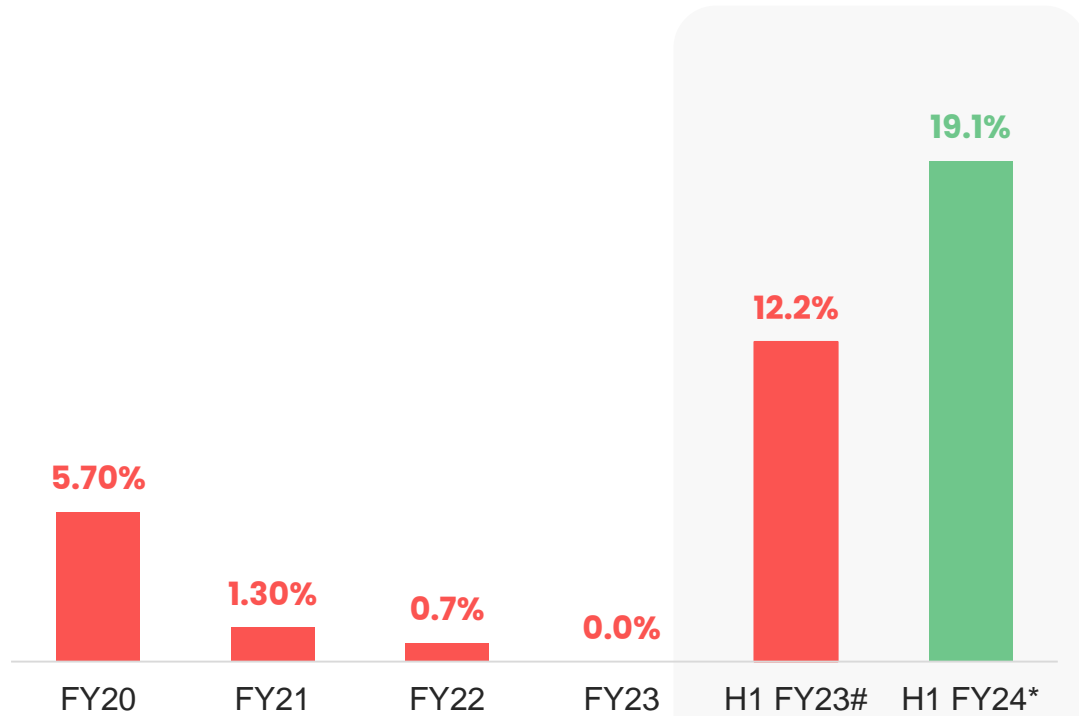
Despite these pressures, the company has demonstrated ability to improve EBITDA margin using the following levers:

- 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

ROCE EXPANSION

SHARP INCREASE IN RETURN RATIO WHICH IS SET TO IMPROVE FURTHER



RoCE on a consolidated basis

- RoCE calculated by annualising H1 performance, excluding Avadh Snacks, which was acquired in 2018, and the Sweet Snacks business, diversification into which in 2019 led to creation of a new category

In line with rise in profitability the Company has witnessed a sharp improvement in RoCE

Further improvement in RoCE is expected due to:

- Measures undertaken to increase revenues
- Further improvement in EBITDA margin due to operating leverage
- Moderate incremental capex requirement

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. 81 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:

Q2 FY24 Performance Update



OPERATIONAL OVERVIEW

Reported growth of 11.8% QoQ in sales

- Delivered a resilient topline performance despite a challenging macro-economic environment marked by uneven rainfall, sluggish demand and heightened competitiveness
- Urban areas continued to perform better than rural areas, where the impact of inflation on discretionary spending has been more pronounced
- Strong performance by the Namkeen category as the strategic focus has yielded results

Delivers highest ever quarterly EBITDA of Rs. 380 Mn

- The Company continues to report improved profitability with EBITDA margin of 8.8% in Q2FY24, an increase of 400 basis points compared to 4.8% in Q2FY23
- Structural improvement in margin profile due to Initiatives undertaken in earlier years to compress the distribution layers
- Exploring further improvements in profitability driven by more efficient operational processes, savings in overheads as well as optimization in sales and distribution costs

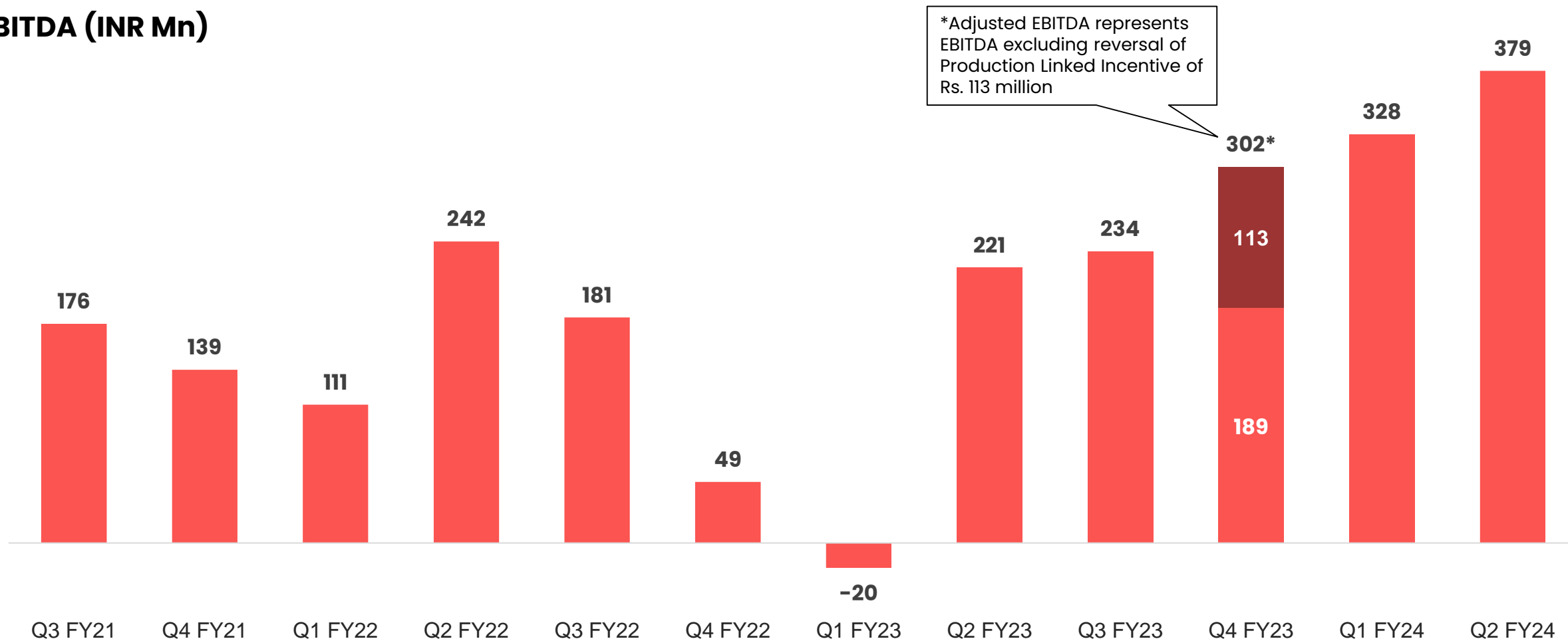
Remain Optimistic on Outlook

- Medium to long term outlook remains favourable on the back of sustained economic activities and prospects for a revival in rural demand
- With the enhanced margin, the Company now has headroom to make additional investments in order to drive sales as it is aiming for accelerated topline growth
- Investments in sales force automation and efforts to increase touch points further as well as range selling of products are likely to deliver results in ensuing quarters

IMPROVING EBITDA TRAJECTORY

Reports highest ever quarterly EBITDA in Q2 FY24

EBITDA (INR Mn)



MD & CEO's Message



Commenting on Q2 & H1 FY24 performance, Mr. Amit Kumat Managing Director & CEO, Prataap Snacks Limited said:

"We have reported a resilient performance in Q2FY24, including a 12% increase in sales on a QoQ basis, amidst a challenging macro-economic environment marked by uneven rainfall, sluggish demand and heightened competitive pressures. Urban areas continue to perform better than rural areas, which have proved to be more susceptible to inflationary pressures. The silver lining this quarter has been the strong performance by the Namkeen category, as the strategic focus to enhance sales has yielded results.

I am pleased to share that we continue to sustain our margin performance, as indicated, reinforcing the structural improvement in our business model on the back of efforts over the past 3 years. We are working on additional improvements in manufacturing processes, savings in overheads as well as optimization in sales & distribution cost to realize further efficiencies.

In recent quarters, the focus was on implementing steps to structurally enhance the margin and drive efficiencies. We believe this has paid dividends as we reported our highest ever quarterly EBITDA of Rs. 380 mn in Q2FY24 accompanied by a significantly enriched margin profile, which we believe is sustainable. This now provides us headroom to make additional investments to drive sales as we aim for accelerated topline growth."

ABRIDGED P&L STATEMENT

(INR Mn)	Q2 FY'24	Q2 FY'23	Y-o-Y Change (%)	HI FY'24	HI FY'23	Y-o-Y Change (%)
Sales/Income from operations	4,314.7	4,501.3	-4.2%	8,173.7	8,258.6	-1.0%
Other operating Income	22.3	71.5	-68.8%	41.5	140.0	-70.4%
Total Income from Operations	4,337.0	4,572.8	-5.2%	8,215.2	8,398.6	-2.2%
Raw Material Cost	2,877.9	3,289.6	-12.5%	5,446.6	6,244.1	-12.8%
Gross Profit	1,459.1	1,283.3	13.7%	2,768.6	2,154.5	28.5%
<i>Gross Margins</i>	33.6%	28.1%	550 Bps	33.7%	25.7%	800 Bps
EBITDA	379.5	220.9	71.8%	708.0	201.4	251.5%
<i>EBITDA margin</i>	8.8%	4.8%	400 Bps	8.6%	2.4%	620 Bps
Depreciation	154.8	177.2	-12.6%	307.3	317.9	-3.3%
Interest	12.7	18.5	-31.4%	26.1	35.4	-26.3%
Profit after tax	165.2	32.7	405.2%	307.2	-66.9	NA
Diluted EPS (Rs)	6.92	1.39	397.3%	12.54	-2.85	NA

Balance Sheet

(INR mn)	Sept 2023	March 2023	YoY change
Closing cash and cash equivalents	280.8	219.0	28.2%
Fixed Deposit with Banks	694.9	385.1	80.5%
Inventories	1,073.0	1,352.8	-20.7%
Receivables	143.5	139.9	2.6%
Other current assets	380.8	374.5	1.7%
Total current assets	2,573.0	2,471.3	4.1%
Fixed assets	5,518.3	5,450.3	1.2%
RoU	501.7	506.4	-0.9%
Other assets	786.7	688.2	14.3%
Total assets	9,379.7	9,116.2	2.9%

(INR mn)	Sept 2023	March 2023	YoY change
Payables	1,026.9	1,038.1	-1.1%
Other current liabilities	305.6	288.0	6.1%
Other financial liabilities	252.4	266.8	-5.4%
Short term debt	0.0	30.0	NA
Current liabilities	1,584.9	1,622.9	-2.3%
Lease liabilities	390.3	392.7	-0.6%
Other liabilities	246.0	258.1	-4.7%
Deferred tax liabilities	107.1	80.3	33.4%
Non-current liabilities	743.4	731.1	1.7%
Equity	7,051.4	6,762.2	4.3%
Total equity + liabilities	9,379.7	9,116.2	2.9%

Cash Flow Statement

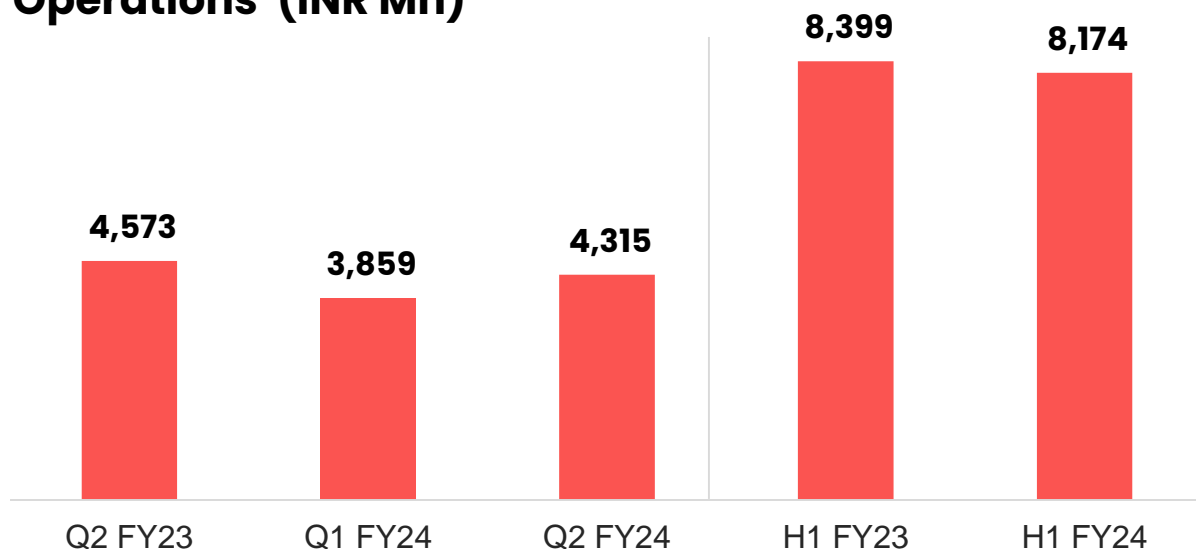
(INR mn)	H1 FY24	H1 FY23	YoY change
Reported EBITDA	708.0	201.4	251.6%
Non cash items in P&L	25.4	-61.3	-141.5%
Change in WC	115.7	414.9	-72.1%
Income tax paid	-43.5	-16.3	167.0%
Cash From Operating Activities	805.6	538.8	49.5%
Capex	-284.6	-314.8	-9.6%
Interest paid	-2.8	-7.9	-64.0%
Interest received	45.8	5.7	698.6%
Free Cashflows	563.9	221.8	154.2%
Debt raised / (paid)	-123.0	-181.0	-32.0%
Dividend paid	-23.9	-11.7	103.4%
Others	-355.3	-61.8	474.7%
Net cash generated	61.8	-32.7	-288.8%
Opening cash and cash equivalents	219.0	189.9	15.3%
Closing cash and cash equivalents	280.8	157.2	78.7%

Commentary

- Continued improvement in cash generation in H1 FY24 supported by further efficiencies in working capital management
- Cash position improving despite CAPEX commitment, repayment of short-term borrowing and payment of dividend for FY22-23
- Strong balance sheet with cash position (Cash & Cash Equivalents + Bank Balance incl. Bank FDs) of INR 975 Mn as of 30 Sept, 2023

FINANCIALS – Q2 & H1 FY'24 PERFORMANCE

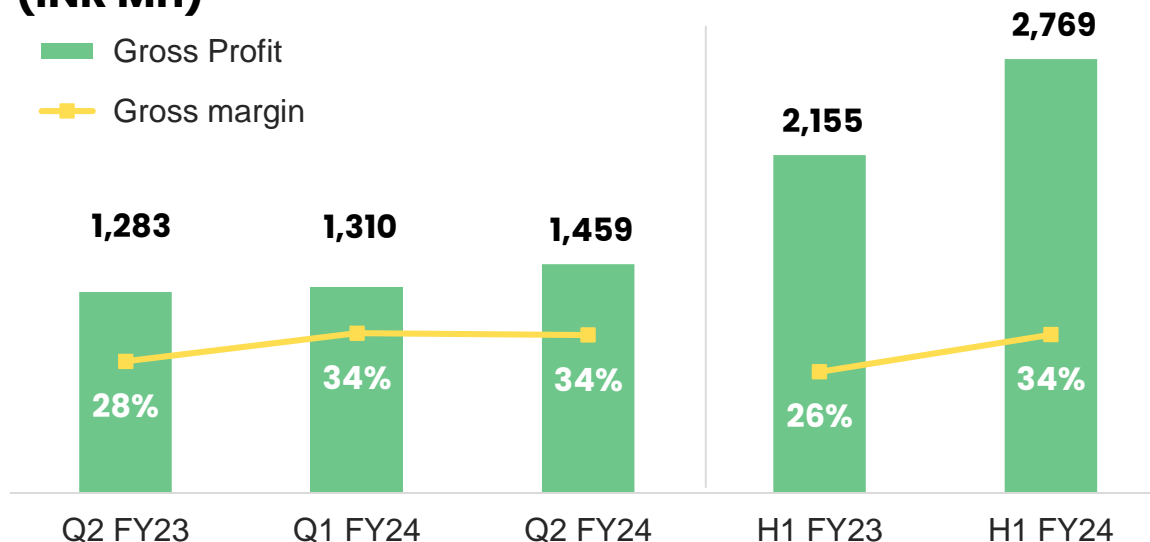
Sales / Income from Operations (INR Mn)



Sales grew by 11.8% in Q2 FY24 on a QoQ basis

- Reported 11.8% growth in sales on a QoQ basis despite challenges in macro-economic environment
- Strategic focus to grow Namkeen category has yielded results as there was strong growth on YoY basis

Gross Profit (INR Mn)

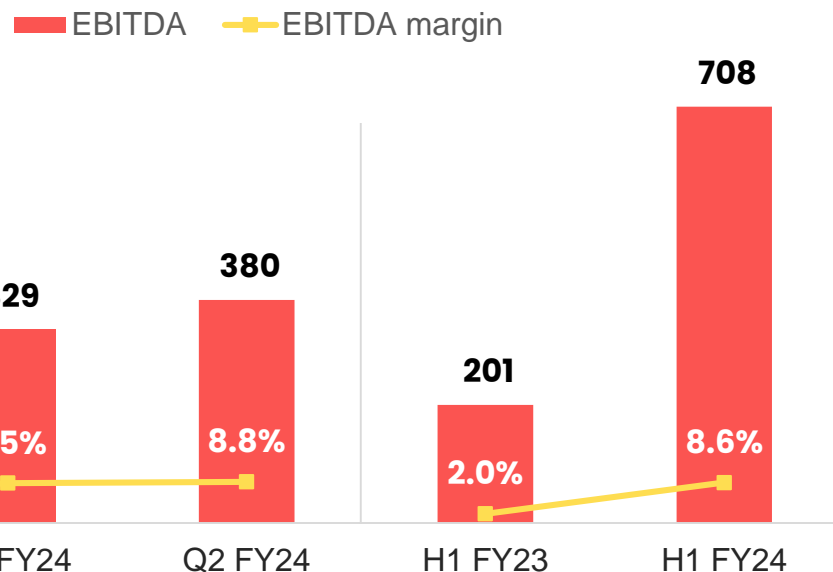


Gross margin improved further to 33.6% in Q2 FY24

- Gross margin improved by 550 basis points on a YoY basis, due to process improvements and channel optimisation aided by cooling in input prices.

FINANCIALS – Q2 & H1 FY'24 PERFORMANCE

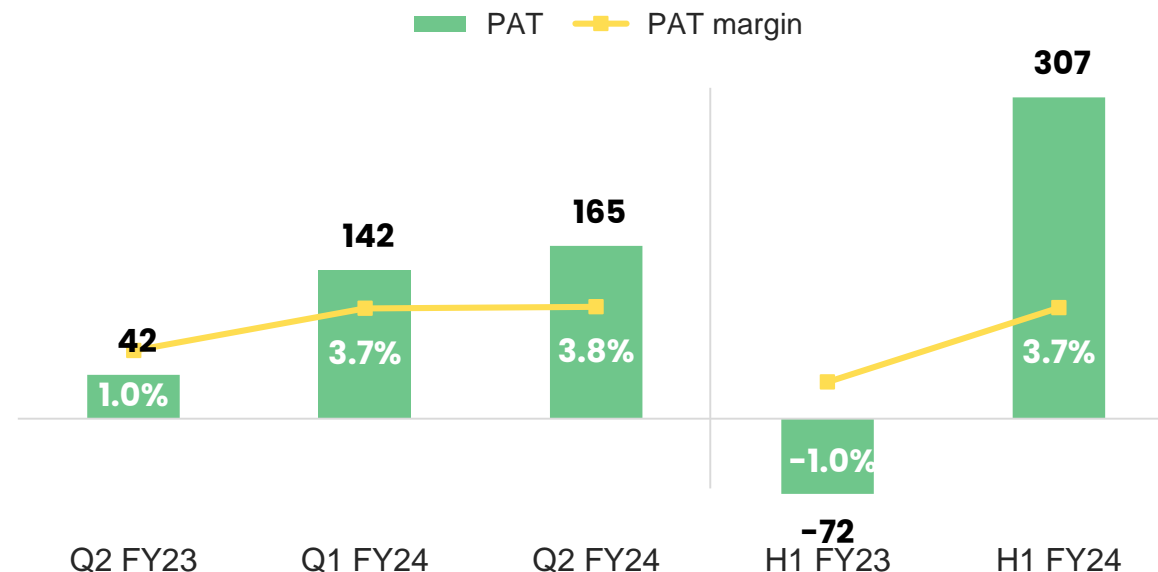
EBITDA (INR Mn)



EBITDA margin stood at 8.8% in Q2 FY24

- The company reported its highest ever quarterly EBITDA in Q2FY24.
- Structural improvements coupled with process efficiencies have enabled the Company to deliver a significant and sustainable improvement in EBITDA margin

PAT (INR Mn)

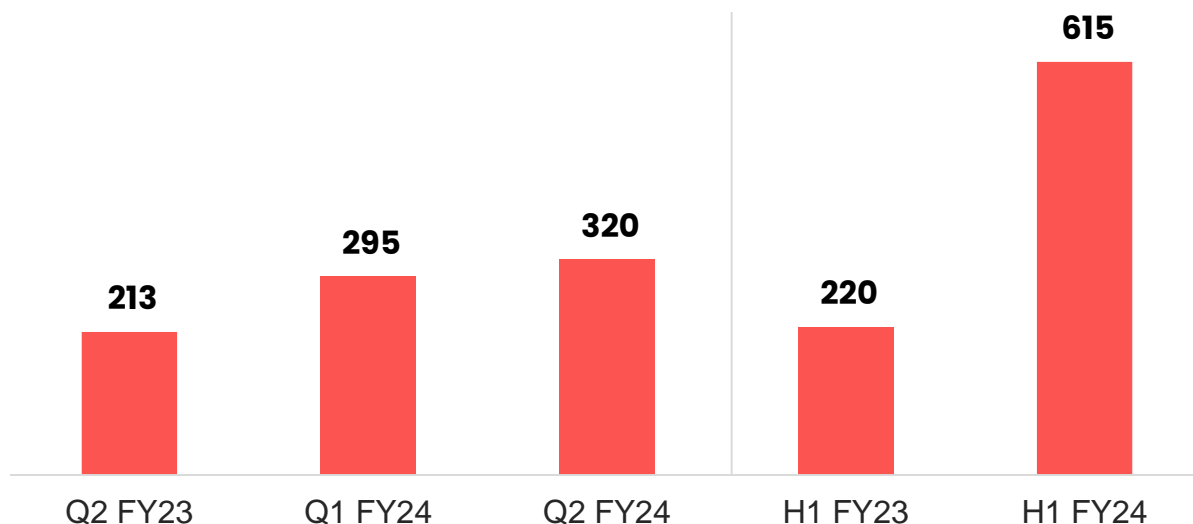


PAT margin stood at 3.8% in Q2 FY24

- PAT grew in line with growth in EBITDA
- This has been achieved despite the higher depreciation

FINANCIALS – Q2 & H1 FY'24 PERFORMANCE

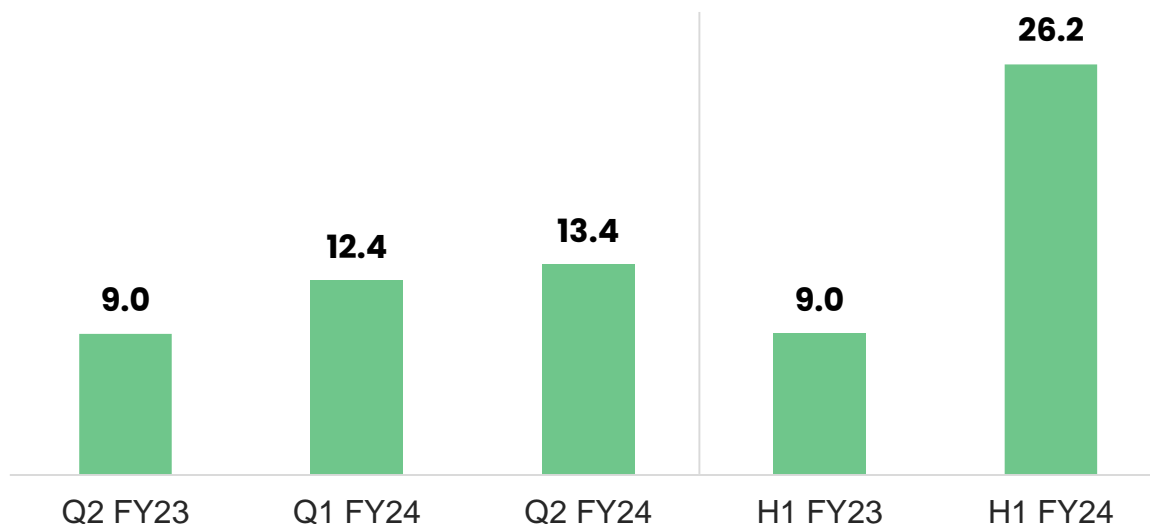
Cash profit (INR Mn)



Generating healthy levels of Cash Profit

- The company's cash profit performance has improved further in Q2FY24
- Cash profit in H1FY24 is ~3x of cash profit generated in H1 last year, contributing to improved cashflow and enhancing the ability to invest further

Cash EPS (INR Mn)



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



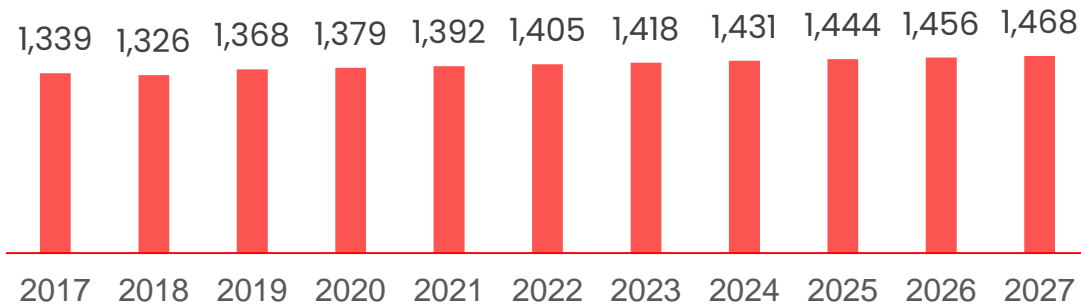
EVOLVING TASTES:

Industry Overview



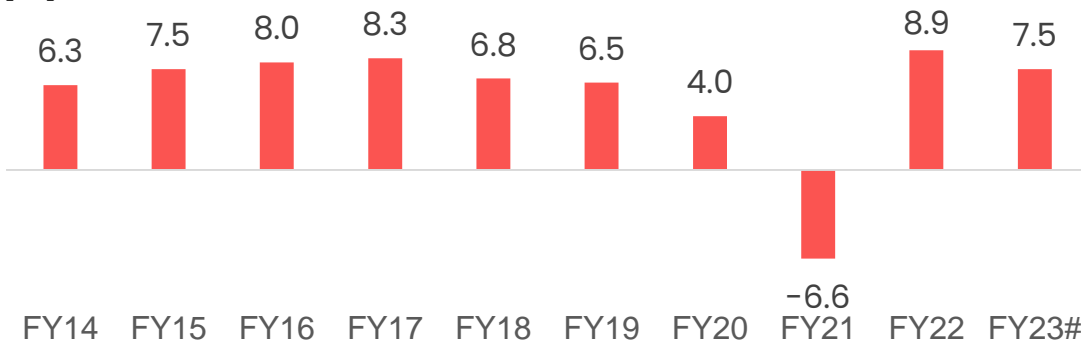
Favourable Demographics Supporting Industry Growth

India Population Trend (Millions)



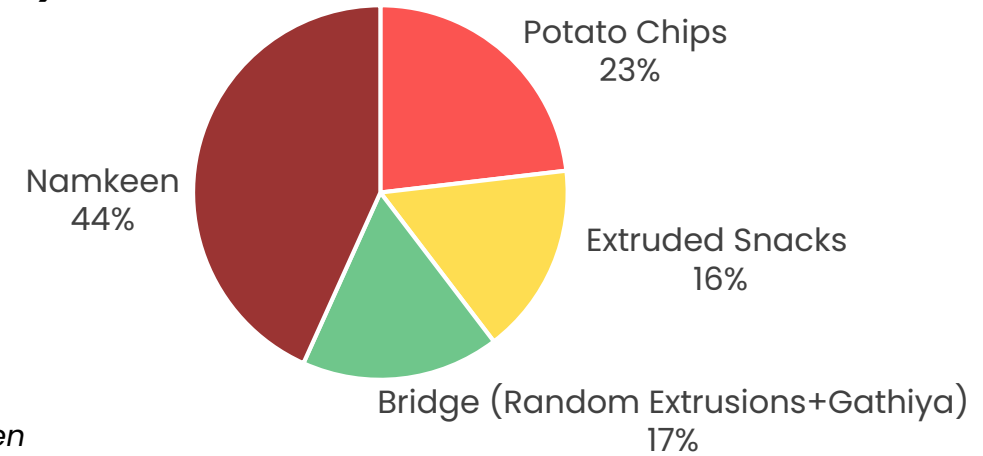
Source: Statista April 2022

India GDP Growth (%)



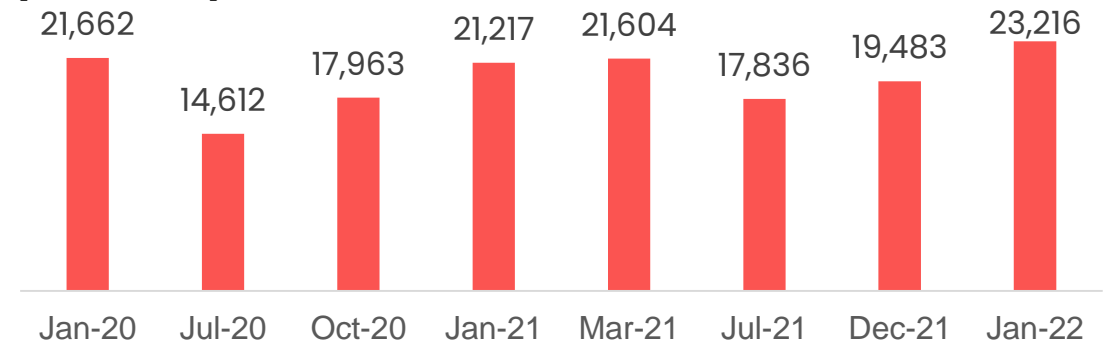
Source: NSO Second Advance Estimates as on 28th Feb 2022
#SPF report by RBI dated 8th April, 2022)

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



Source: Nielsen

Consumer spending in India (Rs. Billion)



Source: Statista, March 2022



THANK YOU!



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