

July 08, 2026

Prataap Snacks Limited: Rating reaffirmed; outlook revised to Negative from Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Cash Credit	50.00	50.00	[ICRA]A+ (Negative); reaffirmed and outlook revised to Negative from Stable
Long-term – Unallocated	50.00	50.00	[ICRA]A+ (Negative); reaffirmed and outlook revised to Negative from Stable
Total	100.00	100.00	

*Instrument details are provided in Annexure-II

Rationale

The revision in the outlook on the rating for Prataap Snacks Limited (PSL) reflects ICRA's expectation of pressure on the company's profit margins and return indicators in light of elevated costs for key raw materials such as edible oil and laminate packaging materials. Although operating margins recovered to around 4.9% in FY2026 from the lows of 2.9% in FY2025, supported by moderation in certain raw material costs, grammage rationalisation, distribution cost optimisation and other cost-control initiatives, the recovery remains pressurised from fresh inflationary pressures in palm oil and packaging costs which emerged towards the last quarter of FY2026 and continues into FY2027. Further, the company's ability to fully pass on cost increases remains constrained by intense competition and its significant exposure to value-priced snack categories. Consequently, ICRA expects PSL's operating margins to remain under pressure, although partly supported by ongoing cost rationalisation initiatives, including logistics optimisation, premiumisation, distributor margin rationalisation, grammage adjustments and technology-led operational efficiencies.

PSL plans to undertake a sizeable debt-funded capex programme of around Rs. 400-420 crore for setting up a greenfield integrated manufacturing facility near Indore (Madhya Pradesh). The capex is likely to commence from Q2 FY2027 and the facility is expected to be commissioned by Q3FY2028. The capex is expected to be funded through debt of around Rs. 250 crore and balance through internal accruals and surplus liquidity. The new facility, once operational, is expected to improve operating efficiencies. However this debt funded capex is likely to result in moderation in leverage and debt protection metrics in the interim. Nevertheless, the rating derives comfort from PSL's demonstrated track record of maintaining low financial leverage over the years. ICRA expects the Total Debt/OPBITDA to peak at around 3.0 times in FY2028 and improve thereafter with the ramp-up of operations. Debt servicing indicators are likely to remain adequate, with the DSCR estimated to stay above 3.0 times in FY2027 and FY2028, although it may moderate to around 1.8-2.0 times in FY2029 following the commencement of interest and repayment obligations post commissioning of the new facility. Nonetheless, the management intends to offset the incremental debt by monetising of its Indore land parcel upon commissioning of the new facility. However, timely execution of the project and successful monetisation remain key monitorables.

Revenue growth was modest in FY2026, with 1% YoY growth to Rs. 1,725 crore from Rs. 1,708 crore in FY2025, primarily due to the company's relatively higher dependence on chips and extruded snacks, particularly the Rs. 5 price-point segment, which witnessed relatively slower industry growth. Further, PSL remains under-indexed in the namkeen category, which constitutes around 45-50% of the packaged snacks industry while contributing only 18-20% of the company's revenues. ICRA expects revenues to improve considerably in FY2027, supported by ongoing distribution expansion initiatives, increasing penetration across the company's existing retail network of approximately 2.5 million outlets, and strengthening presence in identified growth markets such as Uttar Pradesh, Bihar, West Bengal, Gujarat, Odisha and Jharkhand. Growth is also expected to be aided by implementation of the sales force automation (SFA) platform, increasing focus on the namkeen category, continued product

innovation, premiumisation initiatives and gradual scaling up of emerging channels such as quick commerce, modern trade and exports.

The rating continues to factor in the company's established operational track record and extensive experience of its promoters in the packaged food (ready-to-eat snack) industry, its diversified product portfolio and established brand presence across most states and Union Territories (UTs) in India. PSL has an integrated sales and distribution network, ensuring effective market penetration across the country. The company's manufacturing facilities, including third party contract manufacturing facilities, are strategically located, facilitating lower logistics cost, de-risking from concentrating on a single facility and reducing transit time.

Key rating drivers and their description

Credit strengths

Extensive experience of the promoters in packaged food industry – PSL's promoters have more than two decades of experience in the ready-to-eat snack industry and manage the day-to-day operations of the business. PSL commenced trading in ready-to-eat snacks from 2003 and subsequently ventured into manufacturing operations from 2005. Over the years, PSL has been expanding its product portfolio and increasing its presence across the country under the leadership of its Chairman, Mr. Arvind Mehta, Managing Director, Mr. Amit Kumat and Director operations Mr. Apoorva Kumat.

Strong distribution network and strategically located manufacturing facilities – PSL has a strong supply chain and integrated network of more than 5,200 distributors and sub-distributors, ensuring effective market penetration. The company also has an extensive reach of around 2.5 million retail outlets strengthening brand visibility. The company has also realigned most of its network to a two-layer distribution model from a three-layer one to optimise distribution costs. PSL's pan-India manufacturing facilities have enabled it in lowering logistics cost, de-risking from concentrating on a single facility, reducing transit time and improving its services, i.e., availability of products closer to the delivery schedule. The company has six owned manufacturing units and eight contract manufacturing units, which are well placed to serve key target markets.

Diversified product portfolio – PSL has a well-diversified product portfolio with over 150 stock keeping units (SKUs) across four segments, including a wide range of savoury and sweet food products and flavours, addressing a large consumer base. The company's snacks category offers potato chips, extruded snacks, pellets, savoury (*namkeen*) and sweet snacks. It sells its products under two brands, Yellow Diamond and Avadh.

Credit challenges

High competitive intensity of the industry – PSL operates in the food industry, where it faces competition from large multinationals as well as local/regional players and, in turn, is exposed to pricing pressure. It is challenging for the company to pass on the increase in raw material prices amid intense competition owing to a moderate brand presence as well as its presence in the small-sized pack segment, which consumers buy on impulse.

Volatility in margins associated with seasonality of agro-based raw materials – PSL's major raw materials are all agricultural products and include edible oil (refined palm oil), potatoes, rice, corn and gram etc. Dependency on the monsoons and weather conditions exposes the company's margins to fluctuations in raw material prices. As a large portion of India's palm oil requirement is met through imports, any adverse regulatory changes impact its prices. The company's OPM declined in FY2025 due to a sharp rise in palm oil prices along with an increase in prices of potatoes, besan (chickpea flour) and raw pellets etc. However, the OPM revived gradually in FY2026 primarily after the correction in agro-based input prices and recent reduction in import duty on palm oil. Nevertheless, inflationary pressures have persisted amid elevated refined palm oil prices, highlighting the continuing susceptibility of earnings to raw material price volatility.

Moderate return indicators – PSL's return metrics have been subdued over the past few years owing to pressure on margins and deployment of capital in organic and inorganic growth. The company has invested Rs. 650-700 crore over FY2019-FY2024 (including right of use assets) in acquisitions, new manufacturing units, construction of warehouses and expansion of its

existing manufacturing facilities. However, returns from the same are yet to reach its optimum level as reflected by RoCE of around 2-3% in FY2026.

Environmental and Social Risks

Environmental considerations: Food processing companies remain exposed to the impact of changes in environmental norms with respect to the treatment of manufacturing residual discharge/waste. Accordingly, PSL could face operational disruptions if regulatory norms are not complied with. Further, with increasing awareness and restrictions on usage of different grades of plastics for packaging and finding environment-friendly solutions, PSL’s cost structure may be impacted. Even though there is an increasing focus on achieving carbon neutrality, the likelihood of sudden impactful developments on this front for the industry remains low. As PSL has a high dependence on agri commodities, it remains exposed to agro-climatic risks, which could result in variation in crop output/prices. Overall, entities in this industry have a low exposure to the environmental risks. They have better pricing power, as reflected in their ability to pass on the increased costs over time.

Social considerations: On the social dimension, the sector has prominent dependence on human capital, in terms of direct and indirect employment as well as using contractual labour. Being an interplay between manufacturing and services businesses, maintaining healthy relationships with employees and suppliers while retaining talent are essential for disruption-free operations. Also, there could be quality concerns, which might adversely impact its brands. The company is also exposed to risks related to health concerns that could impact on an entire product category. While these risks are product category specific, the overall exposure of the FMCG sector to social risks remains low or moderate.

Liquidity position: Adequate

PSL’s liquidity position is expected to remain adequate, supported by cash and liquid investments of around Rs. 83.9 crore as on March 31, 2026 along with steady retained cash flows expected over the next 12 months, and unutilised fund-based working capital limits of Rs. 55 crore. Against these sources, the company has modest external debt repayment obligations including lease liability of Rs.20-22 crore. The company also plans to undertake a sizeable capex at an estimated outlay of Rs. 400-420 crore over FY2027 and FY2028. This is expected to be funded through a mix of internal accruals, surplus liquidity and debt.

Rating sensitivities

Positive factors – The company’s rating could be upgraded upon a sustained growth in revenues, increased diversification across products, and improvement in its return indicators, while maintaining a comfortable liquidity position and credit profile on a sustained basis.

Negative factors – The rating could be downgraded if there is any material decline in the company’s revenues and prolonged pressure on profitability. An operating profit margin (OPM) of less than 4% and total debt/OPBDITA of more than 1.5 times, on a sustained basis, would be a negative rating trigger.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the standalone financials statement of PSL

About the company

PSL, promoted by Mr. Arvind Mehta, Mr. Apoorva Kumat and Mr. Amit Kumat, is an Indian snack food company involved in manufacturing and marketing multiple product variants across potato chips, extruded snacks, traditional Indian savouries (*namkeen*) and sweets snacks under the Yellow Diamond brand. In FY2019, it entered the Gujarat market through the acquisition of Avadh Snacks Private Limited. At present, it operates through 14 manufacturing facilities, of which six are company owned and eight are on a contract manufacturing basis. PSL's shares are listed on BSE and NSE.

Key financial indicators (audited)

PSL	FY2025	FY2026*
Operating income	1707.7	1724.7
PAT	-34.3	9.7
OPBDIT/OI	2.9%	4.9%
PAT/OI	-2.0%	0.6%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDIT (times)	1.5	0.5
Interest coverage (times)	7.4	12.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; * Limited audited result

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2027)		Chronology of rating history for the past 3 years						
		Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	50.00	July 08, 2026	[ICRA]A+ (Negative)	June 06, 2025	[ICRA]A+ (Stable)	Jun 28, 2024	[ICRA]A+ (Stable)	Apr 26, 2023	[ICRA]A+ (Stable)
Unallocated	Long term	50.00	July 08, 2026	[ICRA]A+ (Negative)	June 06, 2025	[ICRA]A+ (Stable)	Jun 28, 2024	[ICRA]A+ (Stable)	Apr 26, 2023	[ICRA]A+ (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/Fis)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Cash Credit	Simple
Long Term-Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	50.0	[ICRA]A+ (Negative)
NA	Unallocated	NA	NA	NA	50.0	[ICRA]A+ (Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not applicable

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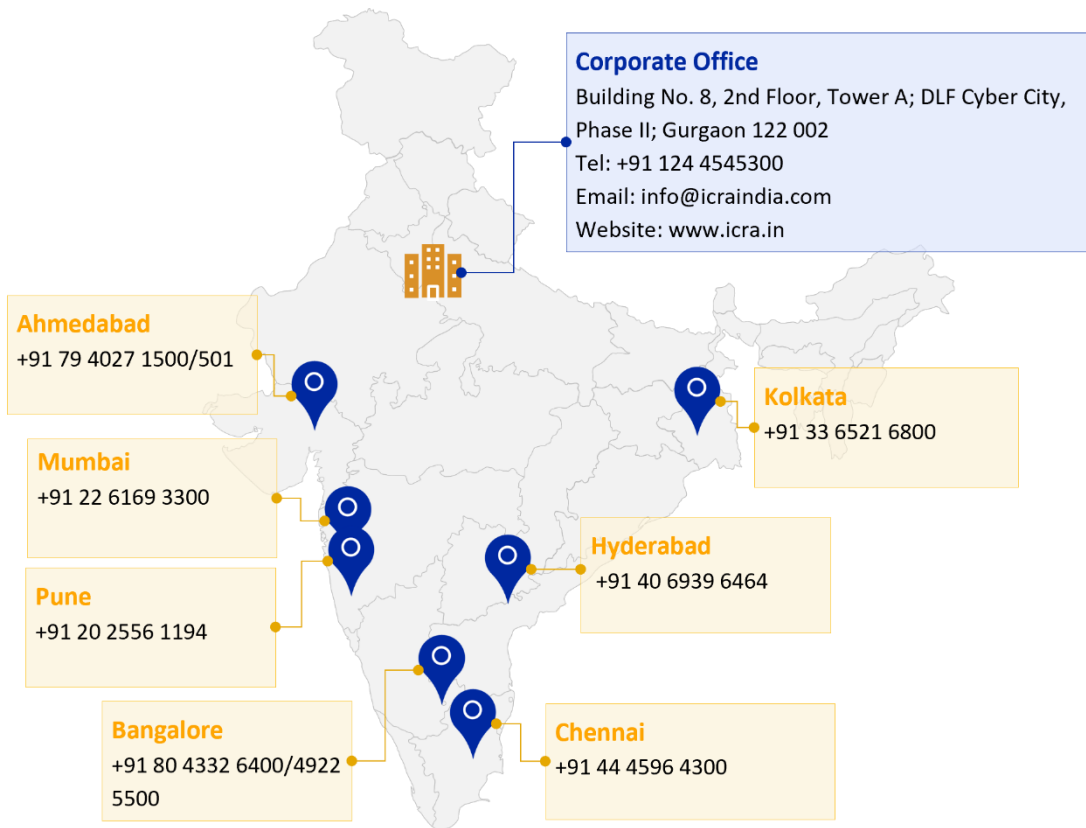
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