

Registered office:

Annapurna Swadisht Limited

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Date – 06-09-2024

To,
The Listing Compliance Department
National Stock Exchange of India Limited,
Exchange Plaza, Plot no. C/I, G Block,
Bandra-Kurla Complex,
Bandra (E) Mumbai - 400051.

Symbol: ANNAPURNA

Subject: Press Release for 100% Acquisition of Madhur Confectioners Pvt. Ltd

Dear Sir/Madam,

Pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are delighted to announce that the company is acquiring 100% of Madhur Confectioners Private Limited (MCPL) which manufactures wide range of products i.e. flavoured candies, Candy lollipop, Toy Confectionery, Chocolates, etc. The acquisition of MCPL brings significant synergies, particularly in distribution, cost management, and product offerings. Annapurna currently has a distribution network of 550 distributors for its snacks segment, while MCPL adds another 300 distributors for confectionery products. This expanded network is expected to further boost sales volumes through cross-selling, thereby increasing market reach and share.

From a cost perspective, Annapurna operates at an EBITDA margin of approximately 11%, while MCPL enjoys a higher adjusted EBITDA margin of 17.6%. The combined scale of operations is anticipated to reduce per-unit costs, leading to margin improvement for the entire entity.

Moreover, the acquisition will diversify Annapurna's SKU (Stock Keeping Unit) portfolio, combining 75 SKUs from the snacks segment with 31 SKUs from the confectionery segment. This larger SKU portfolio is seen as a win-win for both Annapurna and its distributors, providing a ready market for new SKUs and offering distributors a better return on investment in terms of time, effort, and cost.

Madhur Confectioners is poised for significant expansion, leveraging its existing infrastructure to scale operations by 3.5x to 4x within the next 2-3 years. The company benefits from bulk purchasing, enabling cost advantages through better pricing and reduced logistics costs. Operating on a negative working capital model, Madhur secures 90% advance payments, maintaining strong cash flow with an average monthly order book of ₹7-10 crore. Centrally located, the company has easy access to a PAN India network for both raw materials and finished goods distribution, further enhancing its competitive edge.

For FY24, Annapurna Swadisht reported revenue of ₹265 crore with an Adjusted EBITDA margin of 10.6% and a Profit After Tax (PAT) of ₹14 crore. In comparison, MCPL recorded revenue of ₹107 crore, with a higher Adjusted EBITDA margin of 17.6%.

Currently, MCPL operates at a modest 30% capacity utilization, generating sales of around ₹107 crore in FY24. With this acquisition, Annapurna plans to boost MCPL's capacity utilization, aiming for peak revenue of approximately ₹400 crore by FY27. The company expects MCPL to grow at a faster rate than Annapurna Swadisht itself, further enhancing the overall growth trajectory of the parent company.

Annapurna Swadisht's business is built on a frugal model, with strategically located plants near customers to optimize logistics costs. This efficiency, combined with the company's strategic expansion into new product lines through acquisitions like MCPL, underscores Annapurna's commitment to scaling its operations and solidifying its market presence in the coming years.

Kindly take note of the same.

Thanking you.

For, Annapurna Swadisht Limited

SHAKEEL
AHMED

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Shakeel Ahmed

Company Secretary & Compliance Officer

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