

PRATAAP SNACKS LIMITED

Q4 & FY20 - Results Presentation



June 2020

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.



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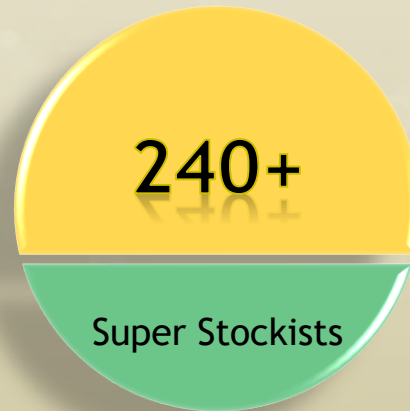
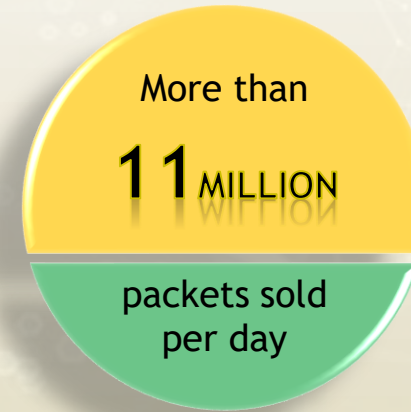
Q4 & FY'20 Results Performance

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Company Overview

Prataap Snacks at a Glance



**(5 Inhouse plants and 9 contract manufacturing units)*

Diverse Product Portfolio



POTATO CHIPS

- Potato based snack
- SKUs: 7 flavors
- Target group: All



CHULBULE

- Rice grit & Corn grit based snack
- SKUs: 8 flavours
- Target group: Youth & Children



RINGS, KURVES & PUFF

- Corn grit based snack
- Market leader in Rings
- SKUs: 8 flavours
- Target group: Children



NAMKEEN

- Gram based
- SKUs: 22 varieties
- Target group: All



PELLET SNACKS

- Wheat based
- SKUs: 4 flavours
- Target group: Children



CUP CAKE, TIFFIN CAKE & SANDWICH CAKE

- Cake variations with Chocolate fillings
- SKUs: 5 flavour
- Target group: Children and Youth



NAMKEEN & FRYUMS

- Namkeen and Fryums catering to local tastes
- SKUs: 55 varieties
- Target group: All

Diverse product portfolio at strategic price points and pack sizes



Fastest growing and fourth largest snacks player in Gujarat



~6% market share in Gujarat, one of the largest market



22% revenue CAGR over the past 3 years



Avadh Snacks delivered a robust topline performance for FY '20

Product Portfolio

Namkeen



Key Products: Bhavnagri Gathiya, Sada Mamra, Papdi Gathiya, Chavanu, Lasaniya Mamra

Price Point: Rs. 5, 10, 30, 50

SKUs: 34 varieties

Target group: Adults

Fryums



Key Products: Tomato Cup, Salted reffil, Masala cup, Chiji Noodles, Salli, White crunchy papad

Price Point: Rs. 5, 10,

SKUs: 21 varieties

Target group: Children

Avadh Snacks - Unique Business model & Expansion plans



Business Model

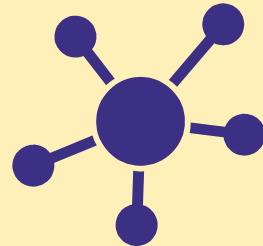


Avadh has a Unique Business model

- Super Value Player offering higher value for Money to consumers.

Direct Distribution model

- Manufacturing facility at Rajkot and a well-oiled distribution network in Gujarat
- Established facility in close proximity to markets to reduce distribution costs
- Direct supplies to distributors without any C&F / super stockist



Expansion plans

Increased capacity of Rajkot facility by 50% from Q1FY20

To expand Avadh's products in neighboring markets initially

Pan India expansion using Prataap's existing distribution

Sweet Snacks Portfolio



Cookie-Cake

- SKU's - 3
- Target group - Youth and Children



Center Filled Cup Cake

- SKU's - 2
- Target group - Youth and Children



Choco Vanilla Cake

- SKU's - 1
- Target group - Youth and Children



Yum Cake

- SKU's - 1
- Target group - Youth and Children



Tiffin Cake

- SKU's - 1
- Target group - Youth and Children



Sandwich Cake

- SKU's - 3
- Target group - Youth and Children

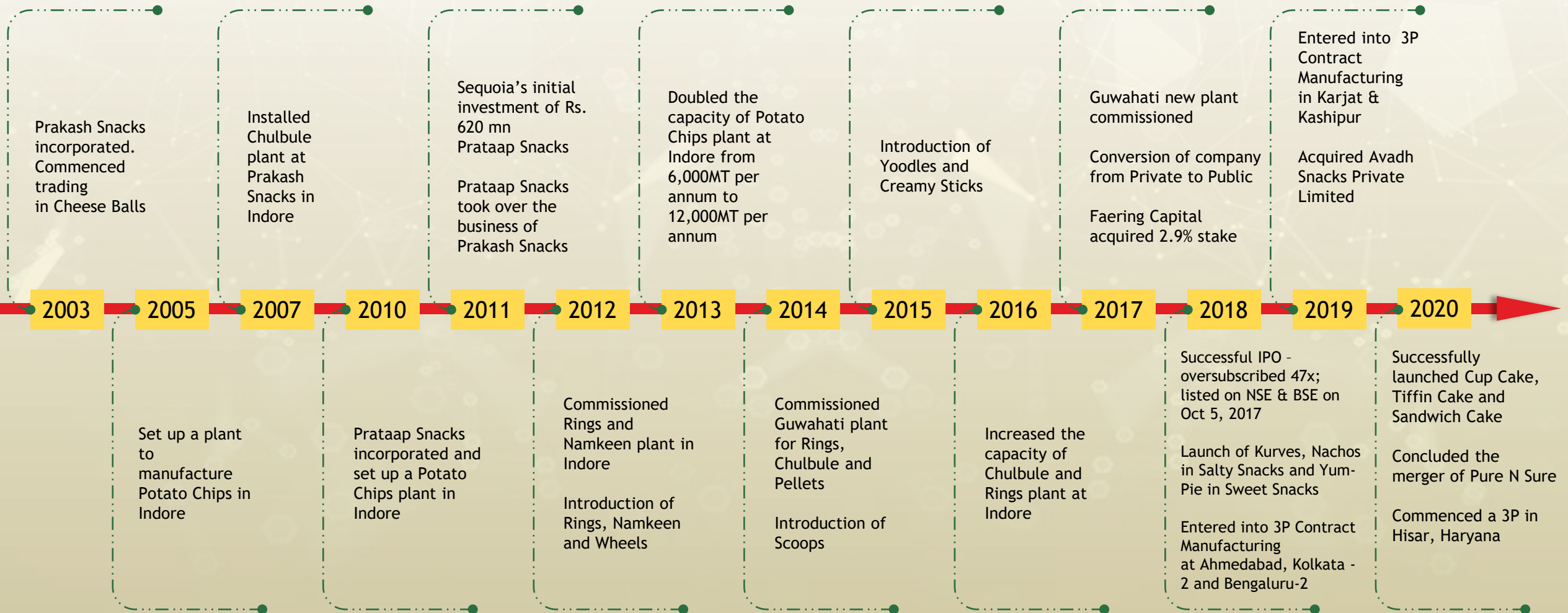
Diverse product portfolio at strategic price points and pack sizes

Track Record of Innovation



Note: As per Financial Year

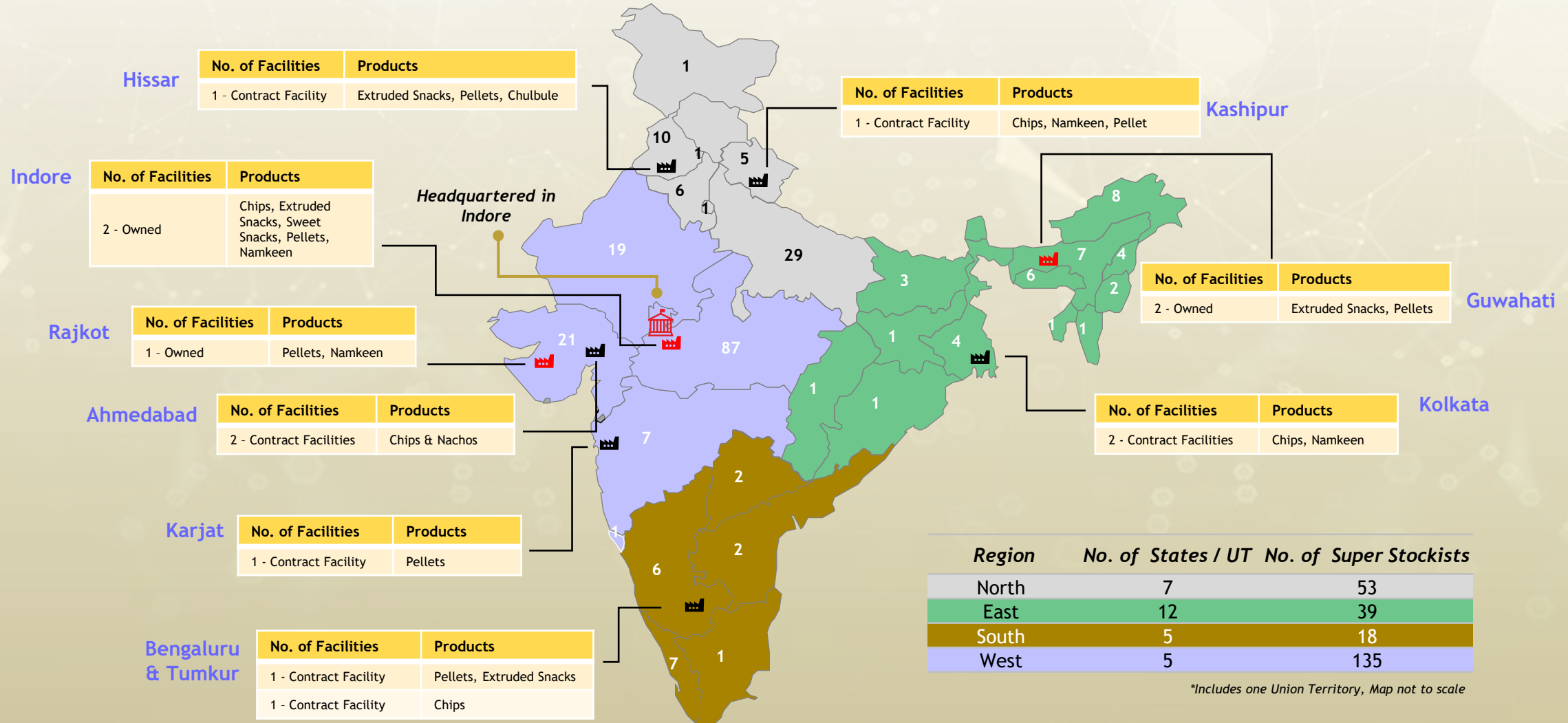
Key Milestones



Pan India Presence



Strategically located Manufacturing facilities to cater the regional demand



Hissar

No. of Facilities	Products
1 - Contract Facility	Extruded Snacks, Pellets, Chulbule

No. of Facilities	Products
1 - Contract Facility	Chips, Namkeen, Pellet

Kashipur

Indore

No. of Facilities	Products
2 - Owned	Chips, Extruded Snacks, Sweet Snacks, Pellets, Namkeen

Headquartered in Indore

No. of Facilities	Products
2 - Owned	Extruded Snacks, Pellets

Guwahati

Rajkot

No. of Facilities	Products
1 - Owned	Pellets, Namkeen

No. of Facilities	Products
2 - Contract Facilities	Chips, Namkeen

Kolkata

Ahmedabad

No. of Facilities	Products
2 - Contract Facilities	Chips & Nachos

Karjat

No. of Facilities	Products
1 - Contract Facility	Pellets

Bengaluru & Tumkur

No. of Facilities	Products
1 - Contract Facility	Pellets, Extruded Snacks
1 - Contract Facility	Chips

Guided by an Accomplished Board



Arvind Mehta

Chairman & Executive Director

Over 30 years of experience in real estate business along with over 16 years in the snacks food industry and in the financing business



Amit Kumar

Managing Director & CEO

Managing Director and Chief Executive Officer
Over 23 years in the snacks food industry



Apoorva Kumart

Executive Director (Operations)

Over 23 years of experience in the snacks food industry



G.V. Ravishankar

Non-Executive / Non-Independent Director MD (Sequoia Capital)

Over 18 years in management consultancy & PE investments. Previously worked at McKinsey & Company and Wipro Technologies



Vineet Kumar Kapila

Independent Director

Ex-COO (RPC North of United Spirits) & earlier MD (Spencer's Retail)



Haresh Ram Chawla

Independent Director

Partner (India Value Fund) & earlier CEO (TV18)



Chetan Kumar Mathur

Independent Director

Ex-CFO PepsiCo India (Snacks)
30 years of experience in F&B industry, worked with PepsiCo India for 23 years



Mr. V.T. Bharadwaj

Independent Director

General Partner at A91 Partners
Over 18 years in management consultancy & PE investments. Previously worked with Sequoia Capital and McKinsey & Company



Anisha Motwani

Independent Director

Partner (Storm the Norm Ventures)
Earlier with General Motors India & Max Life Insurance Company

PSL has high standards of Corporate Governance and sound internal control policies

Helmed by a Professional Management Team



Corporate functions



Mr. Arvind Mehta
Chairman & Executive Director

Over 30 years of experience in real estate business along with over 16 years in the snacks food industry and in the financing business



Mr. Amit Kumat
Managing Director and Chief Executive Officer

Over 23 years in the snacks food industry



Mr. Apoorva Kumat
Executive Director

Over 23 years of experience in the snacks food industry



Mr. Sumit Sharma
Chief Financial Officer

Member of Institute of Chartered Accountants of India. He has over 17 years of experience in accounting, finance, banking and taxation and worked with Crompton Greaves, L&T and New Holland Group

Helmed by a Professional Management Team



Corporate functions



Mr. Subhashis Basu
Chief Operating Officer

He holds bachelor degree in Science (Economics). He has over 27 years of experience in the FMCG industry and worked with Parle, PepsiCo India and Mother Dairy



Mr. Subhash Bhatt
Vice President - Production

He holds bachelor degree in Technology. He has over 23 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



Mr. Deepak Brahme
Vice President - Production

He holds bachelor degree in Science. He has over 23 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



Mr. Raj Kumar Kalra
General Manager Sales - North

He holds bachelor degree in Arts. He has around 31 years of experience in the FMCG industry and worked with Moon Beverages, Aqua Minerals, Super Cassettes and Paras Aqua

Helmed by a Professional Management Team



Corporate functions



Mr. Awadh B. Singh
General Manager Sales - East

He holds bachelor degree in Science. He has over 31 years of experience in the FMCG industry and worked with Prakash Snacks and Hello Agro



Mr. Mahesh Purohit
General Manager Sales - West

He holds bachelor degree in Commerce. He has over 22 years of experience in the FMCG industry and worked with Parke-Davis, BPL Synergy and Candico



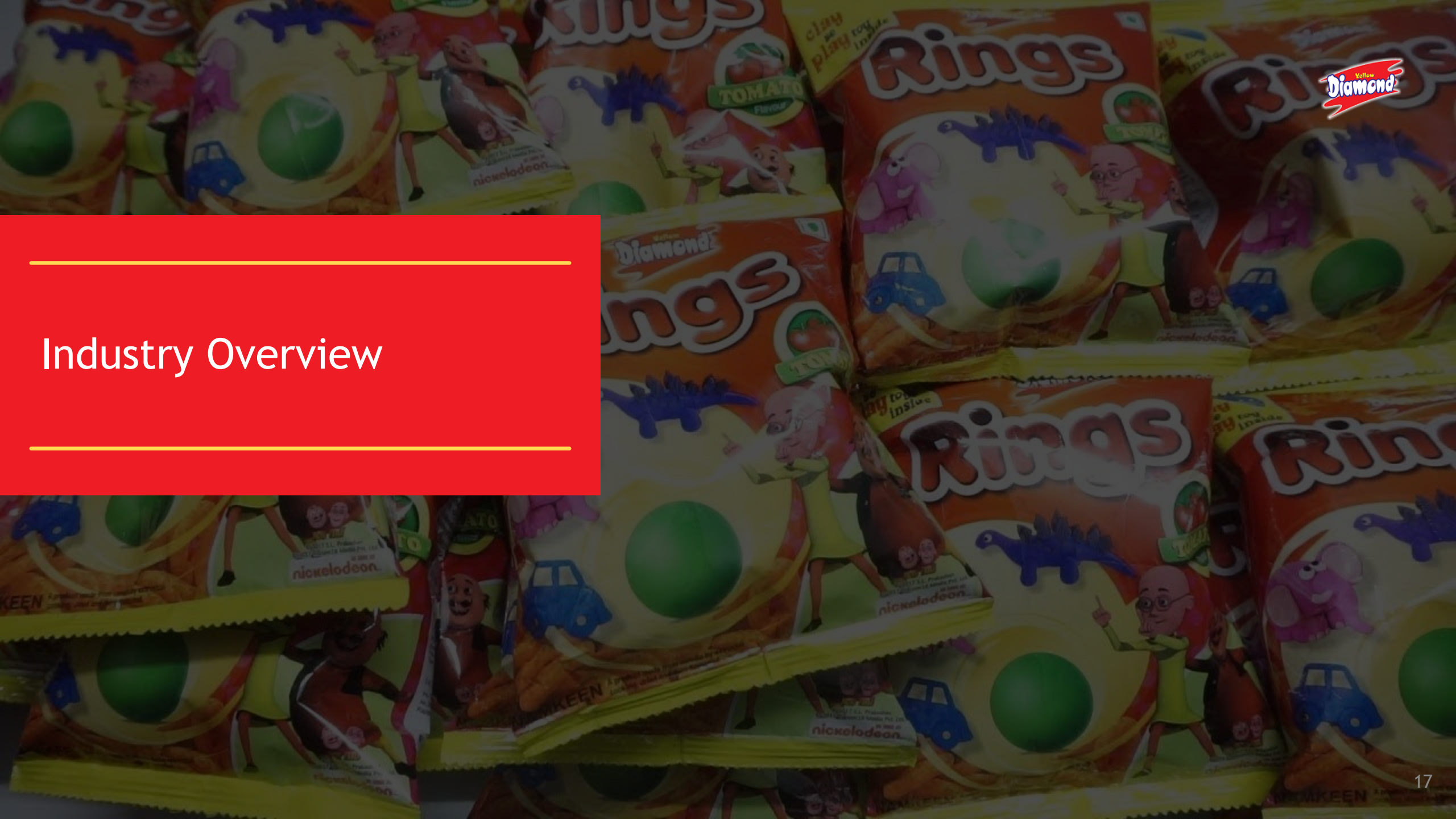
Mr. D.V. Praveen Kumar
General Manager Sales - South

He holds bachelor degree in Commerce. He has over 31 years of experience in the field of beverages & food, FMCG, dairy, confectionaries, cosmetics and edible and worked with PepsiCo for more than 21 years



Mr. Om Prakash Pandey
Company Secretary and Compliance Officer

Fellow Member of the Institute of Company Secretaries of India. He has over 12 years of experience in corporate laws and secretarial matters and worked with NSE, Great Offshore, Avantika Gas and Universal Cables

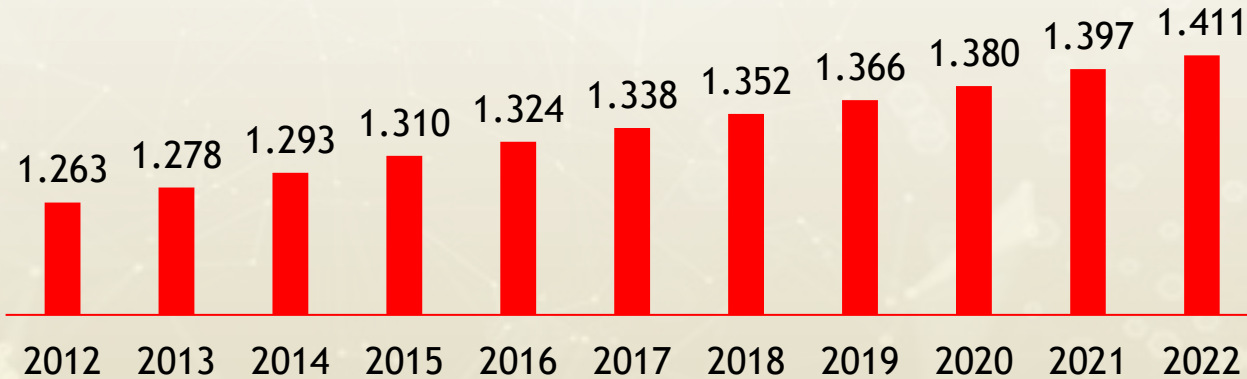


Industry Overview

Favourable Demographics Supporting Industry Growth

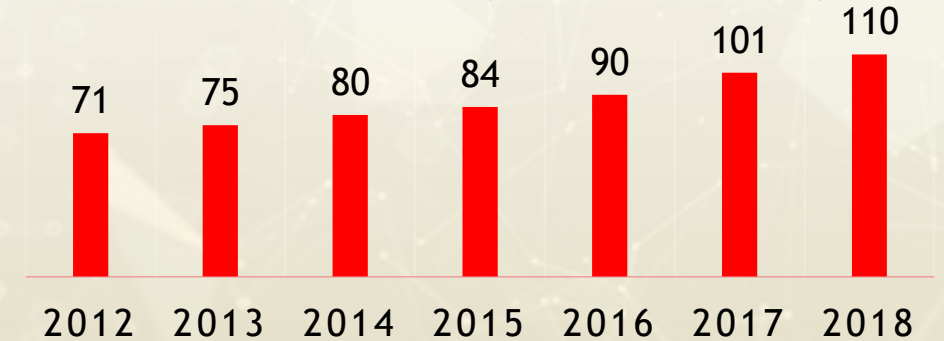


POPULATION TREND (BILLIONS)



Source: World Population Review

INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



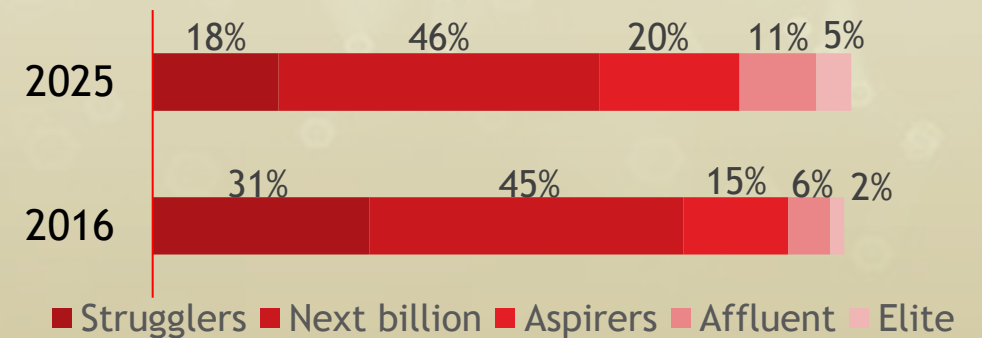
Source: World Bank, IMF, OECD, CIA World Factbook, BCG Group

GDP PER CAPITA AT CURRENT PRICES (US\$)



Source: IBEF - May 2019

RISING AFFLUENCE AND DISPOSABLE INCOME

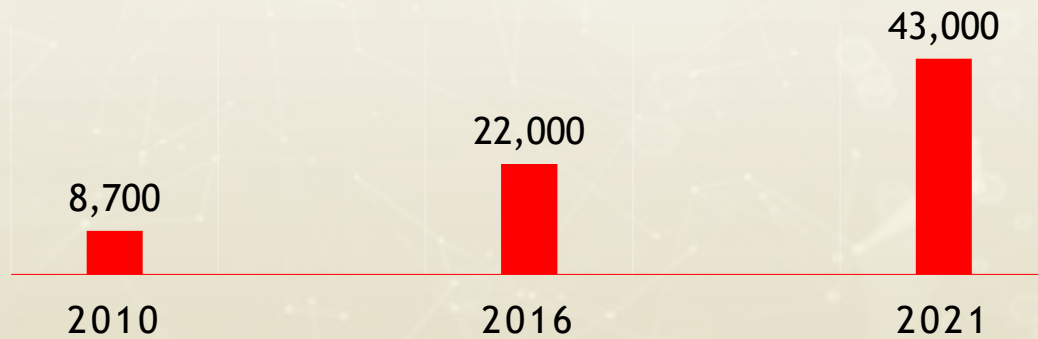


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

Salty Snacks - Poised for Strong Growth

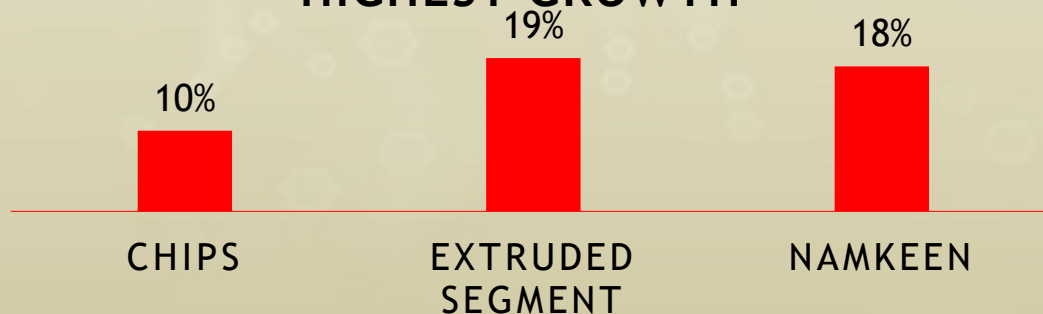


ORGANISED MARKET TO GROW AT A CAGR OF 14.3% OVER 5 YEARS



Source: Systematix Research Report March 2019

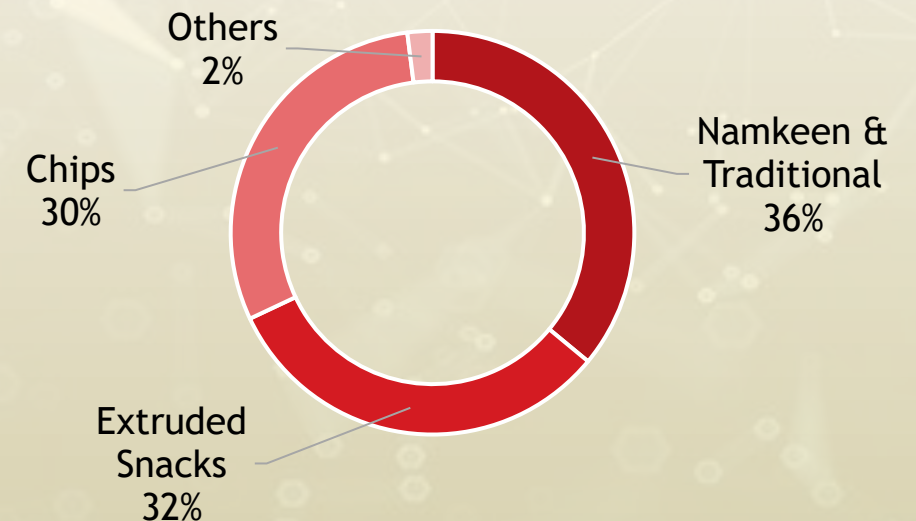
EXTRUDED SNACKS TO POST THE HIGHEST GROWTH*



Source: Systematix Research Report March 2019

*CAGR FY16-FY21

ORGANISED SNACK MARKET BY TYPE OF CATEGORIES

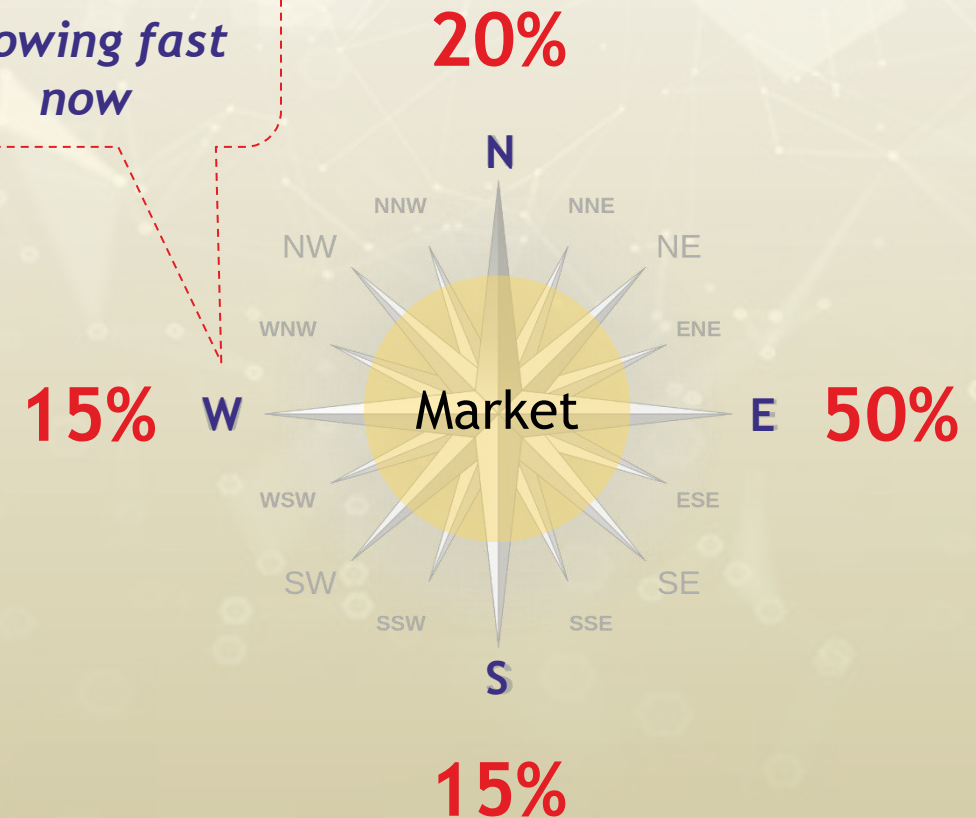


Source: Systematix Research Report March 2019

Sweet Snacks Industry - Size, Growth, Key Players



West is growing fast now



Impact of COVID19 and Initiatives taken



Q4FY20 - Contrasting Performance at Start and End of Quarter

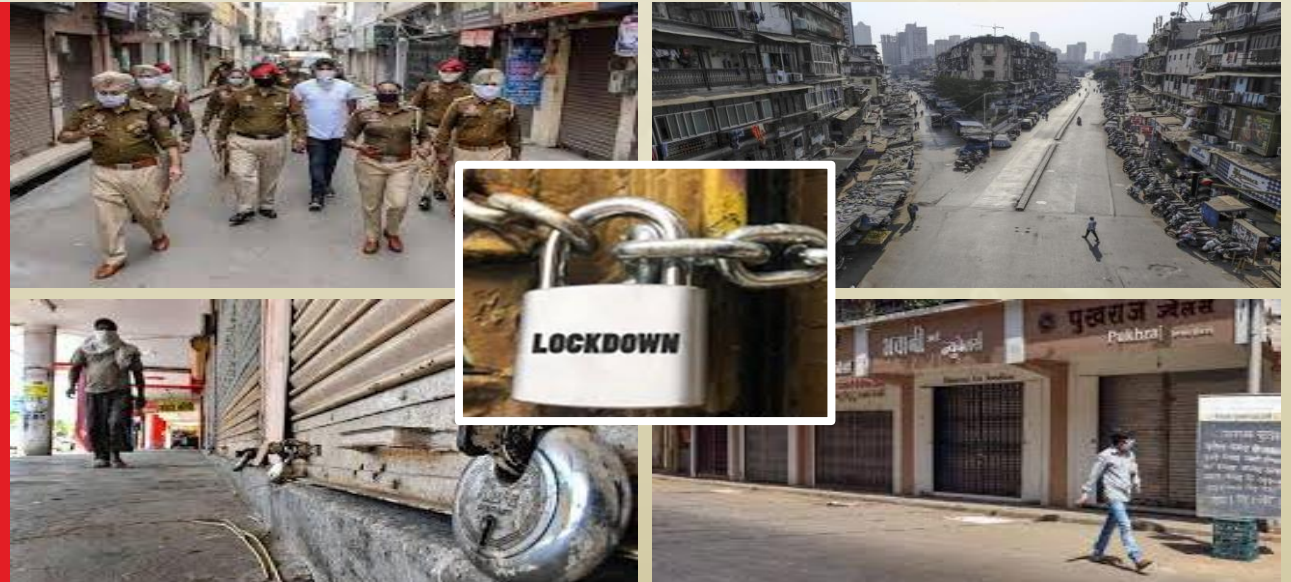


Healthy growth witnessed in January and February

- Q4FY20 began on a promising note with healthy demand witnessed in first couple of months
 - Witnessed revenue growth over 15% in January and February
- An uptick in demand witnessed across all product categories
- Received positive feedback for new launches of Tiffin cake and Sandwich cakes in Sweet Snacks category

Initial impact of lockdown - March 2020

- In compliance with the directives of the Central Government, PSL suspended operations at its Indore and Guwahati plants as well as 3P manufacturing facilities
- Demand was impacted due to sudden stalling of economic activity as well as reduced movement of people
- Irregular operations of retail outlets and grocery stores impacted sales



Gradual Un-Locking - April & May



- Priority was on restarting operations and ensuring delivery of ~100 vehicles that were in transit
- Despite being in the processed foods category, mother plant in Indore restarted its operations only in mid-May on account of Indore being a Covid hotspot
 - Operated at 25% and 50% capacity on an overall basis in the months of April and May respectively
 - This was largely enabled by our Guwahati plant and 3P's across India which restarted operations from mid-April in progressive manner
- Following resumption of manufacturing and improving trade channels and logistics, the Company is focused on regularizing operations
- Utilized inventory of raw materials and packaging to steadily ramp up production

Key Challenges



Reviving Operations and Preserving the Robust Financial Position



- The Company has taken various initiatives to ramp up production which is currently at 80% of pre-Covid levels on an overall basis
 - Undertaking necessary design changes at manufacturing facilities to ensure appropriate social distancing of manpower
 - Replenishing the products across the trade channel and rebuilding inventory of finished goods and inputs
 - Labour shortage remains a challenge though there has been an improvement over the last 2-3 weeks
 - Leveraging on the demand which remained fairly resilient even in a tough environment
 - Continuing to implement its 4-pillar growth strategy to return to targeted revenue growth
- In these uncertain times, the Company will leverage its robust financial position to rebuild operations
 - Concluded Avadh capacity enhancement during Q1FY20, no major Capex planned in near future
 - Currently has negligible debt and no requirement of capital infusion either by equity or debt
 - Meeting all its obligations on regular schedule

We are good, that's why we are loved. Being swadeshi is just a matter of pride.

Dildaar hain hum

CSR Initiatives Undertaken



- PSL focused on giving back to the society in these unprecedented times
- PSL delivered around 1,500 meals on a daily basis
 - Organized free meals for front-line workers including Policemen, medical personnel and Government staff on duty
 - Distributed free meals to people who were in quarantine
 - PSL also reached out to underprivileged sections of the society by delivering free meal boxes.
- PSL distributed products manufactured by it free of cost on a regular basis throughout the lockdown



Q4 & FY'20 Results Performance



- Closed FY20 with healthy topline growth of 19.1% with robust performance across entire portfolio of savoury and sweet snacks
 - In Q4FY20 PSL delivered a topline growth of 2.5% yoy despite facing the disruptions caused by the lockdown in March
- Faced challenges on the margin front, owing to the sharp, unusual rise in Palm oil prices, which is a key input for our savoury products
 - Hopeful that the unusual volatility will subside in the near term, which should restore margins
 - Continue to focus on cost-optimisation and process-engineering, in order to mitigate the price inflation and drive a higher bottom-line
- Launched Tiffin Cake and Sandwich Cake in test markets - Highly encouraging response to new product launch
- Contribution of 3P manufacturing facility in sales increased from 11% in FY'19 to 18% in FY'20

FY'20:

- Total revenue of Rs. 13,937.9 million, higher by 19.1% YoY
- Operating EBITDA of Rs. 936.8 million, translating to a margin of 6.7%
- PAT of Rs. 469.2 million at a margin of 3.4%
- EPS (Diluted) was Rs. 20.01 per share
- The Board of Directors have recommended a dividend of Rs. 1 per share (face value of Rs. 5.00 per share)

Q4 FY'20:

- Revenue of Rs. 3,141.7 million, delivered growth of 2.5% YoY
- Operating EBITDA of Rs. 137.1 million, translating to a margin of 4.4%
- PAT stood at Rs. 197.6 million at a margin of 6.3%
- EPS (Diluted) was at Rs. 8.42 per share



Commenting on Q4 FY'20 performance, Mr. Amit Kumat - Managing Director & CEO, Prataap Snacks Limited said:

“We delivered a robust performance in FY20 with revenue growth of 19.1% despite moderate consumption trends across the country. Even as we were witnessing an upswing in demand in January and February with a growth of more than 15% yoy, the rapid spread of the COVID-19 pandemic and subsequent lockdown disrupted the momentum.

The last few months have witnessed unprecedented disruption in economic activity, manufacturing operations and supply chains due to the Covid-19 pandemic. Despite being a processed food company our mother plants at Indore received permission from local authorities to restart operations only in mid-May (Indore being a Covid hotspot), that too with reduced capacity. As a result, we were able to operate at only 25% and 50% of the pre-Covid level, on an overall basis, respectively in April and May. This was largely enabled by our Guwahati plant and 3P's across India which had restarted operations from mid-April in a progressive manner.

I am pleased to share that major disruptions are largely behind us and as on date, overall operations have reported an utilisation level of over 80% of the pre-Covid level.

While we begin FY21 on a cautious note, we see the current economic challenges due to COVID19 as a temporary phase and expect the business to ramp up in coming quarters as normalcy returns. We are confident of higher volumes across our products on the back of our four-pillar growth strategy. Contract manufacturing facilities set up over the last 24 months and the enhanced capacity for Avadh provides us headroom to scale up the salty snacks business even as we look to build on the momentum in the sweet snack business.”

Abridged P&L Statement

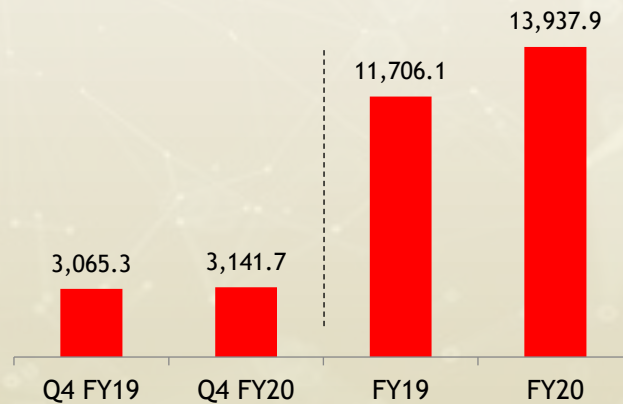


Particulars	Q4 FY'20	Q4 FY'19	Y-o-Y Change (%)	FY'20	FY'19	Y-o-Y Change (%)
Income from Operations	3,141.7	3,065.3	2.5%	13,937.9	11,706.1	19.1%
Raw Material Cost	2,306.2	2,176.8	5.9%	9,947.1	8,204.2	21.2%
Gross Profit	835.5	888.5	-6.0%	3,990.8	3,501.9	14.0%
Gross Margins	26.6%	29.0%	-240 BPS	28.6%	29.9%	-129 BPS
EBITDA	137.1	223.0	-38.5%	936.8	832.2	12.6%
<i>EBITDA Margins</i>	4.4%	7.3%	-291 BPS	6.7%	7.1%	-39 BPS
Depreciation	153.8	110.3	39.4%	617.4	376.4	64.0%
Interest	15.6	5.2	200.0%	74.6	8.6	767.4%
Profit After Tax	197.6	137.1	44.1%	469.2	446.4	5.1%
EPS (Diluted) in Rs.	8.42	5.84		20.01	19.03	

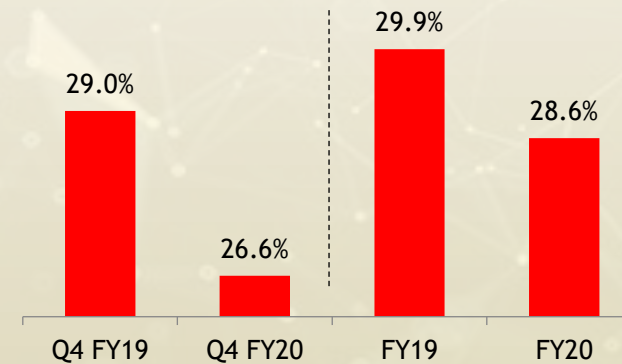
Financials - Q4 & FY'20 Performance



SALES / INCOME FROM OPERATIONS



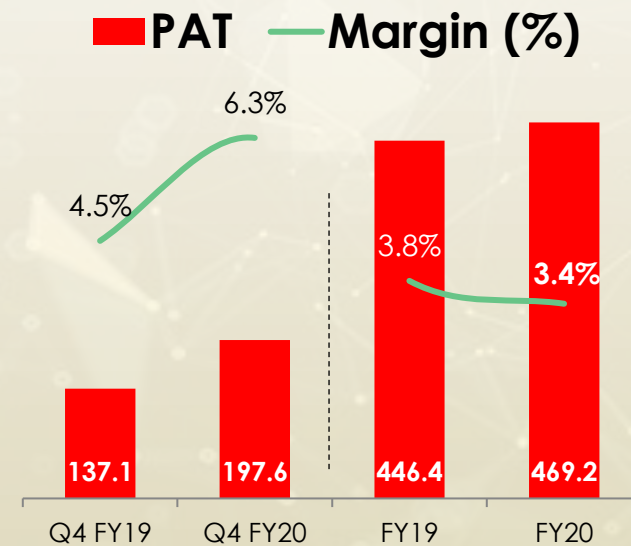
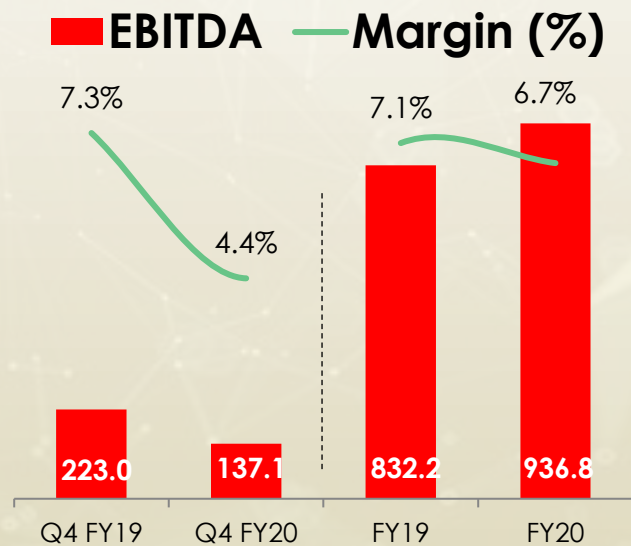
Gross Margin (%)



- Income from operations in FY'20 grew by 19.1% to Rs. 13,937.9 mn
- Gross margins contracted by 129 Bps to 28.6% in FY'20, primarily due to raw material price inflation
 - Partially mitigated the impact through cost optimization and process-engineering initiatives

CONSOLIDATED FINANCIALS, IN RS. MILLION

Financials - Q4 & FY'20 Performance



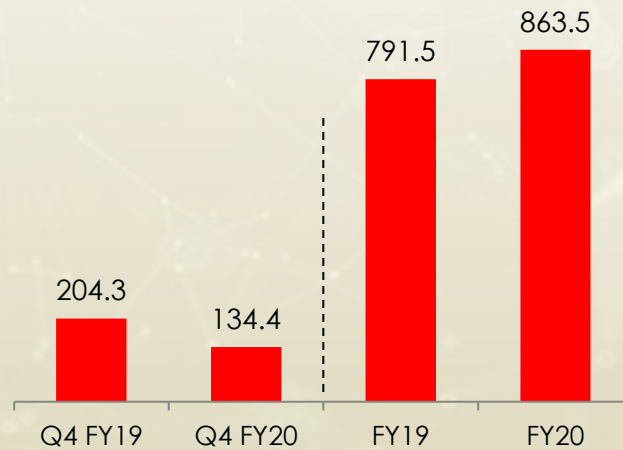
- EBITDA for Q4 FY'20 was lower by 38.5% YOY at Rs. 137.1 mn , whereas the EBITDA for FY'20 up by 12.6%, at Rs. 936.8 mn
- PAT for Q4 FY'20 stood at Rs. 197.6 million at a margin of 6.3% , whereas the PAT for FY'20 stood at Rs. 469.2 million at a margin of 3.4%

CONSOLIDATED FINANCIALS, IN RS. MILLION

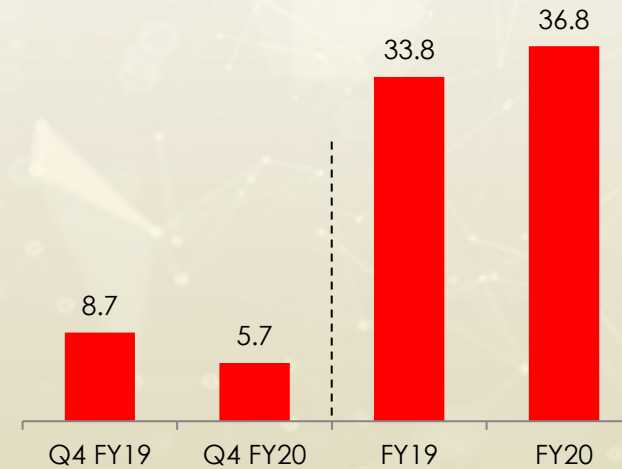
Financials - Q4 & FY'20 Performance



Cash Profits



Cash EPS



- The Company follows a conservative accounting policy and is amortizing intangible assets of Avadh Snacks
 - A lateral benefit has been contained tax outflow

CONSOLIDATED FINANCIALS, IN RS. MILLION

Impact on PAT from non-operational adjustments



* This is a one time impact, as Avadh has opted for new tax regime in the current year and accordingly deferred tax liability created on the Intangibles acquired in Business Combination has been remeasured at new tax rate in consolidated financial result.

About Prataap Snacks Ltd.



Prataap Snacks Ltd. (PSL) is a leading Indian Snack Foods Company. It offers multiple variants of products across categories of Potato Chips, Extruded Snacks, Namkeen (traditional Indian snacks) under the popular and vibrant Yellow Diamond brand. It has recently launched a range of sweet snacks under the distinctive Rich Feast brand. PSL is focused on offering deep value to consumers through a variety of pack sizes at attractive price points. Its products are present across 27 states in India and it is one of the fastest growing companies in the organized snacks industry.

Headquartered in Indore, India; PSL operates 14 manufacturing facilities of which 5 facilities (Indore 1&2, Assam 1&2 and Gujarat) are owned and 9 facilities [located in (2) Ahmedabad, (2) Kolkata, (2) Bangalore, Kashipur, Karjat and Hissar) are on contract manufacturing basis. Its distribution network includes more than 240 super stockists and more than 4,100 distributors allowing it extensive reach across the country. PSL has a wide presence that is equally spread in metro cities and urban clusters as well as in rural areas and Tier 2 and 3 cities and towns. Its products are available at independent grocers and small retail stores in the lanes and bylanes of its key markets and it is now building up its presence in supermarkets, hypermarkets and modern trade outlets.

Led by an able and experienced leadership and guided by an accomplished Board of Directors, PSL is a socially responsible corporate citizen with a strong focus on Corporate Governance and Internal controls. Following a successful IPO in September 2017, PSL is now listed on the Bombay Stock Exchange (BSE:540724) and National Stock Exchange (NSE:DIAMONDYD) in India.

Sumit Sharma

Prataap Snacks Ltd

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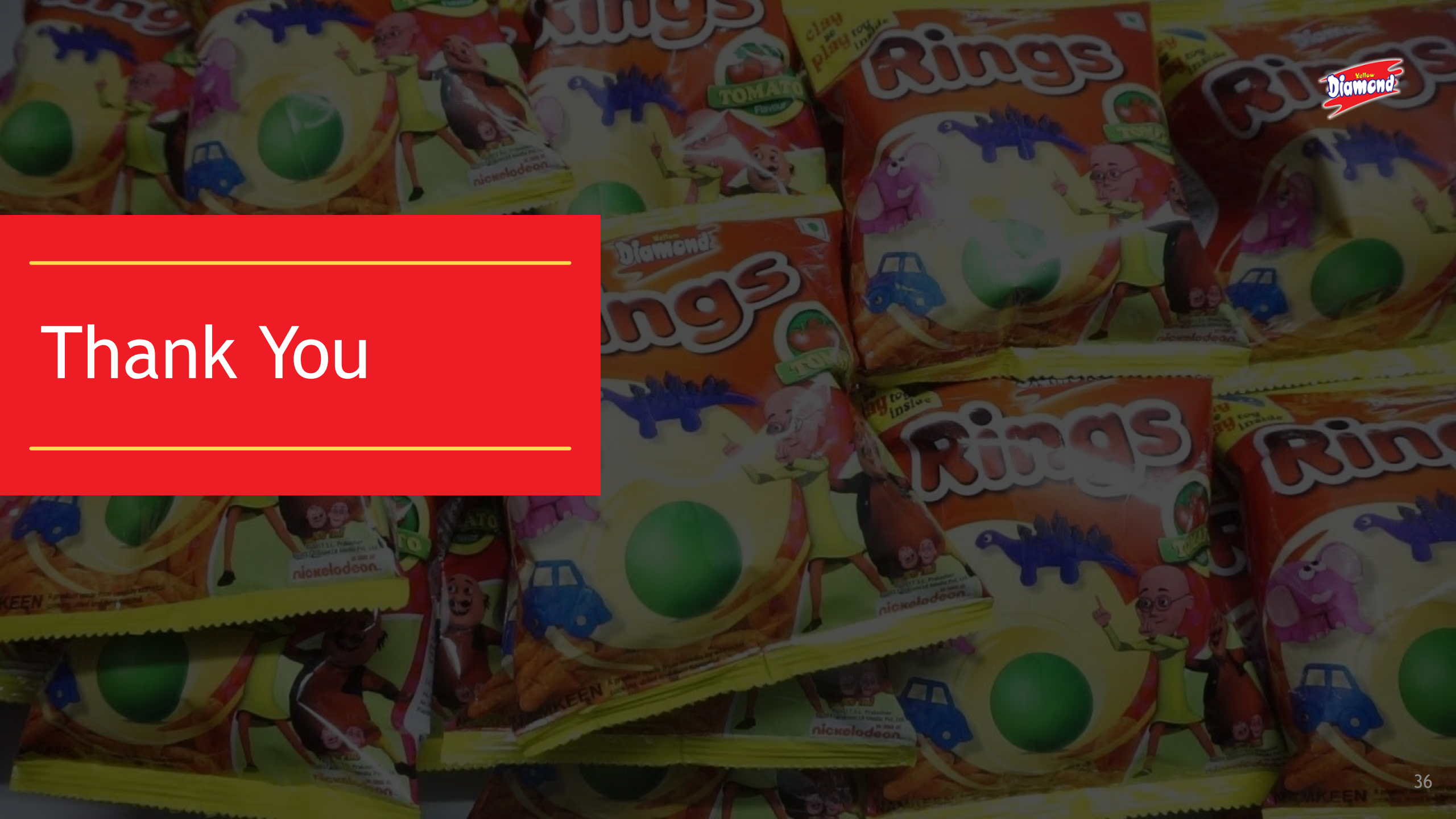
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Thank You
