

PRATAAP SNACKS LIMITED

Q1 FY21 - Results Presentation



August 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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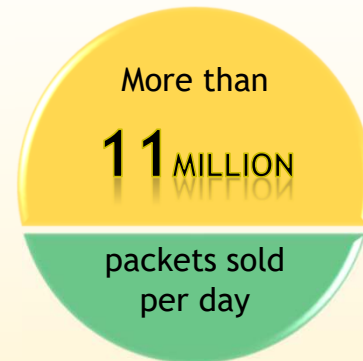
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Company Overview

Prataap Snacks at a Glance



**[5 Inhouse plants and 9 contract manufacturing units (3P)]*

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

Avadh Snacks



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

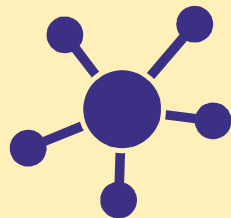


Avadh has a Unique Business model

- 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 Q1FY21

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

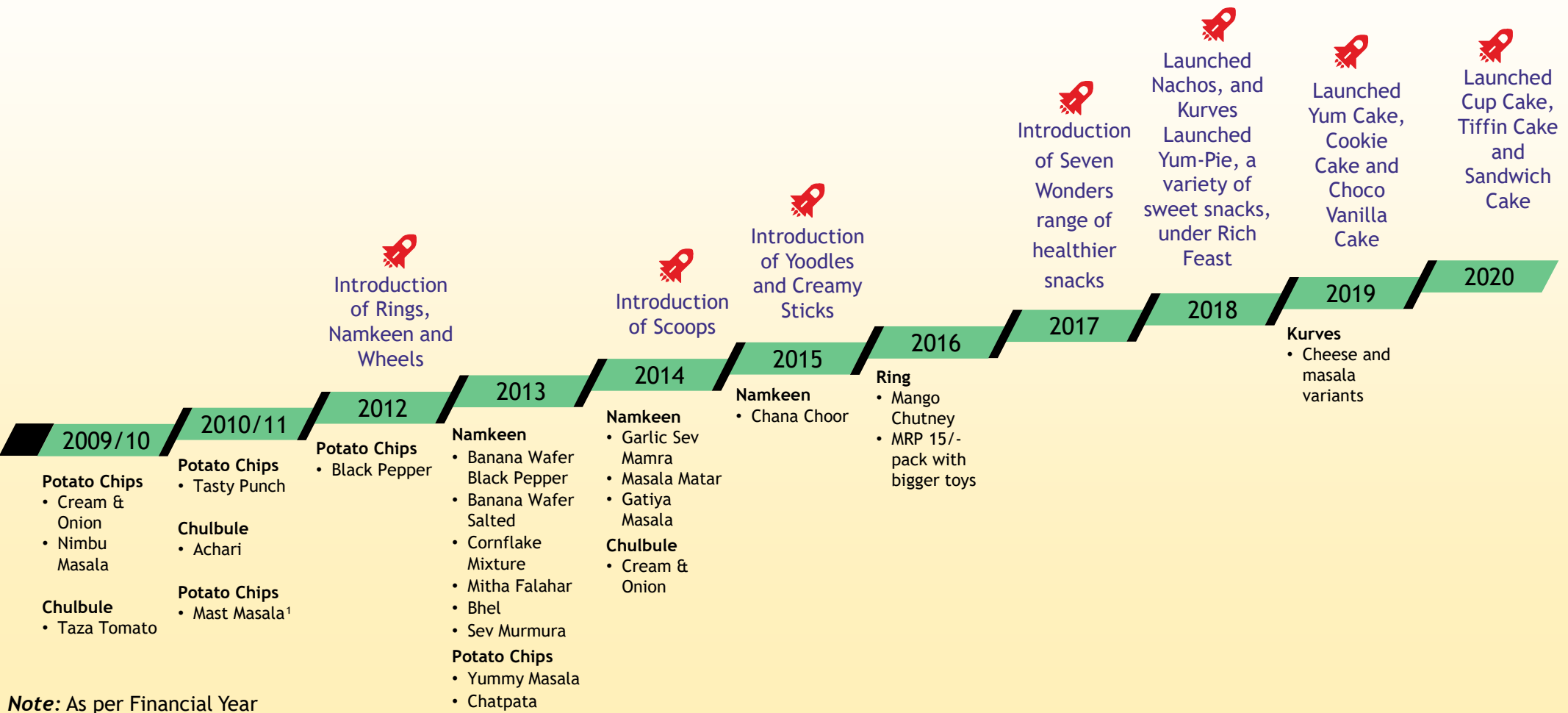


Sandwich Cake

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

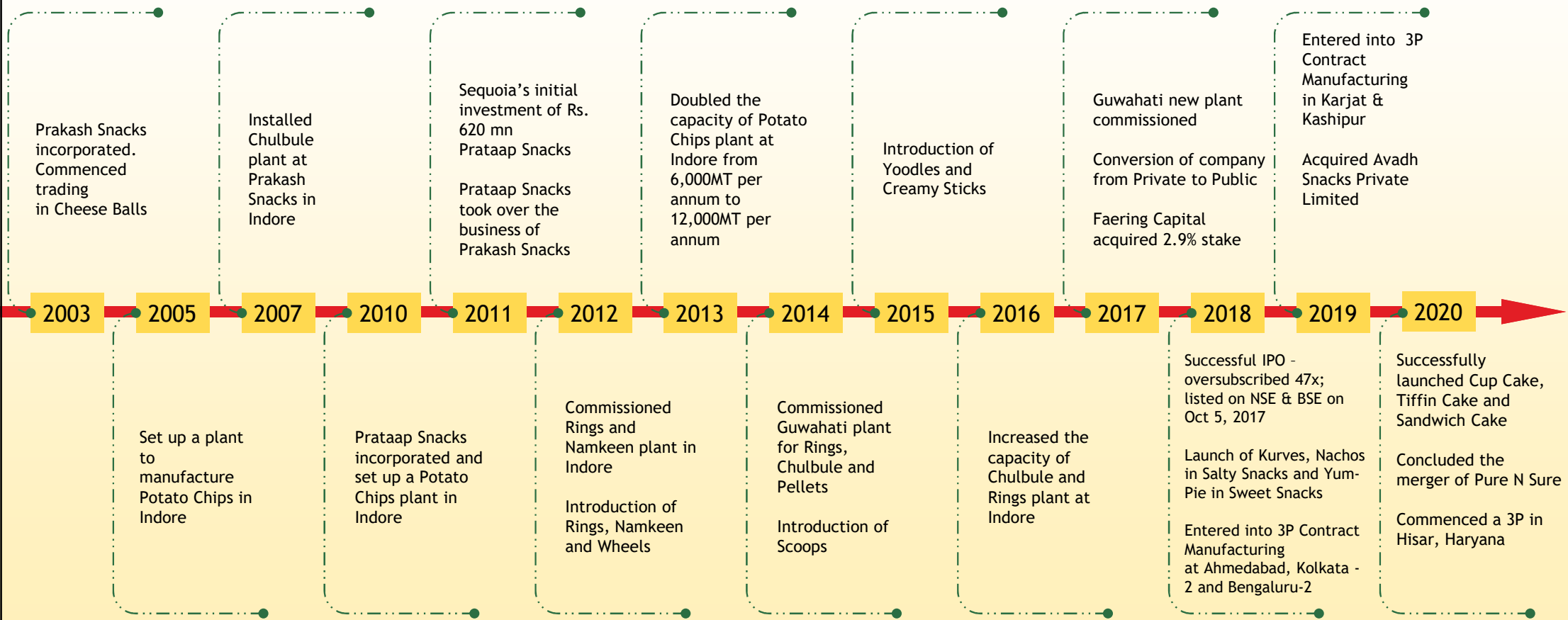
Diverse product portfolio at strategic price points and pack sizes

Track Record of Innovation



Note: As per Financial Year

Key Milestones

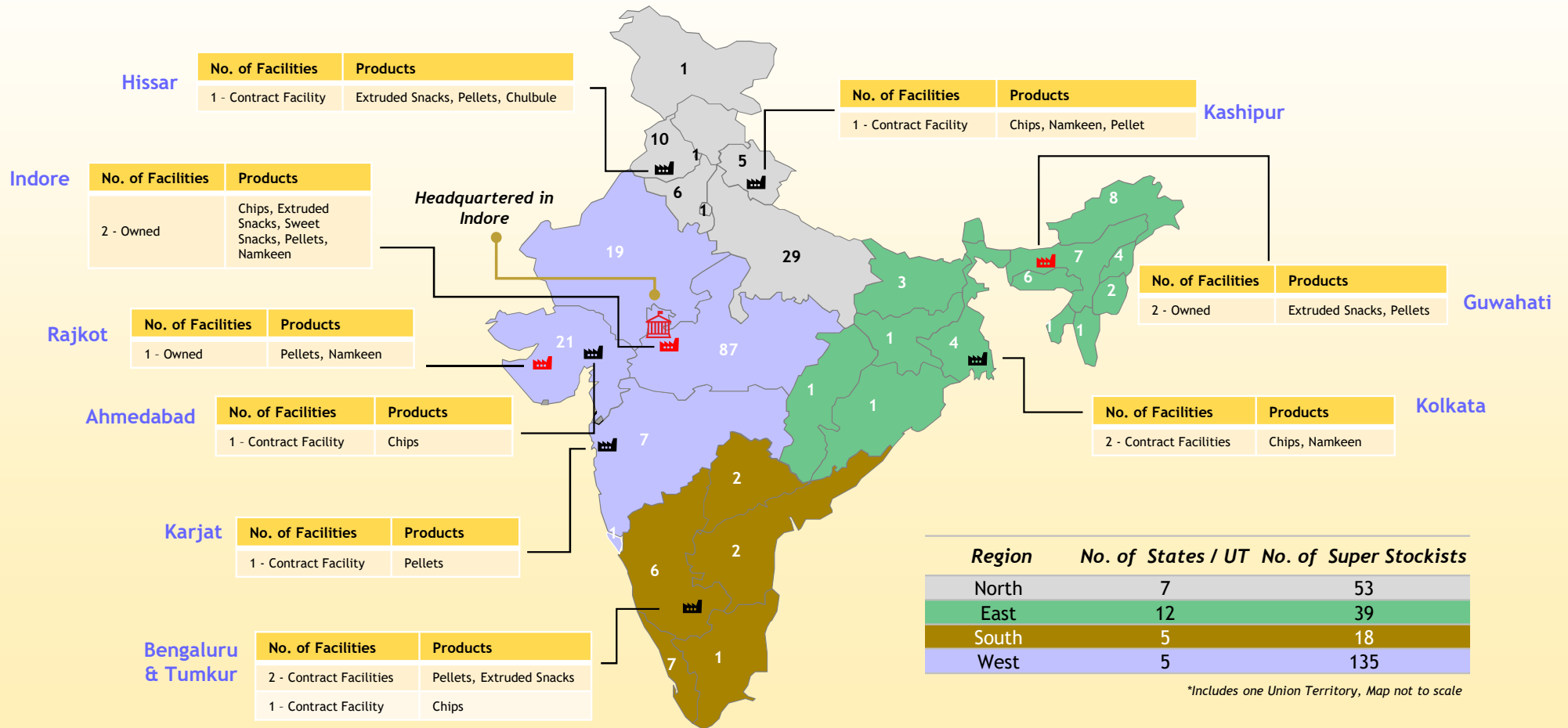


Note: As per Financial Year

Pan India Presence



Strategically located Manufacturing facilities to cater the regional demand



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 Kumar

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

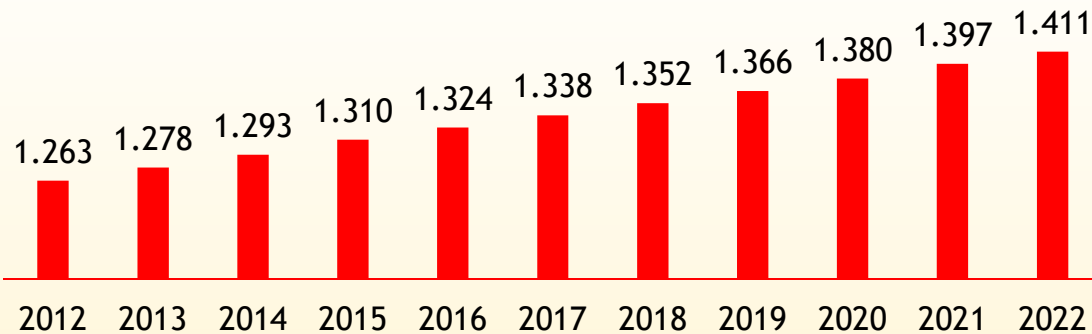


Industry Overview

Favourable Demographics Supporting Industry Growth

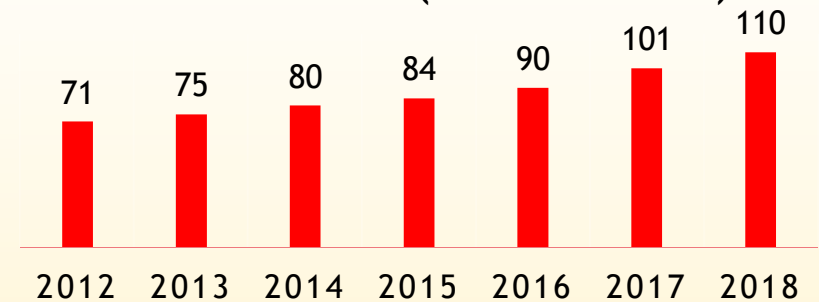


POPULATION TREND (BILLIONS)



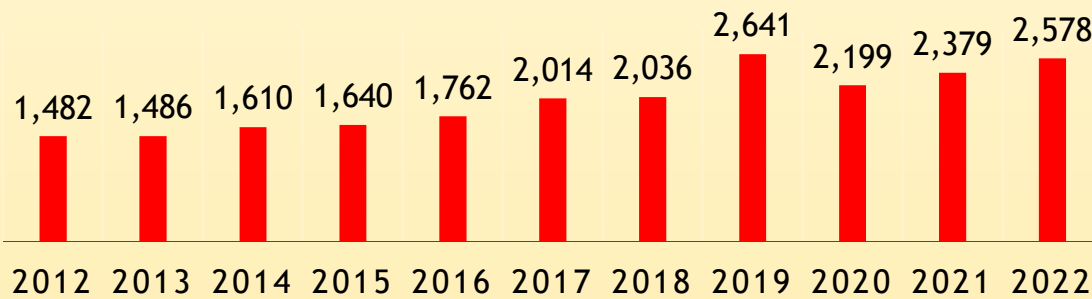
Source: World Population Review

INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



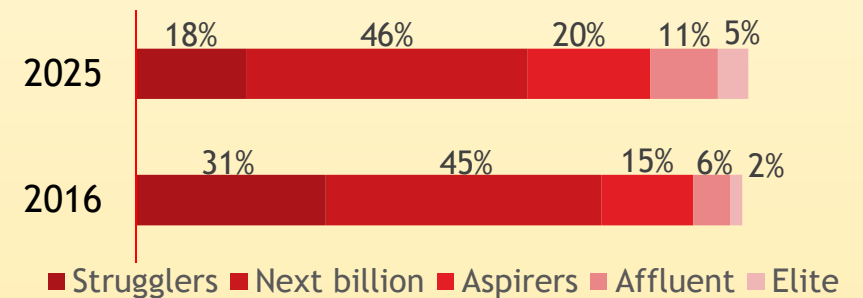
Source: World Bank, IMF, OECD, CIA World Factbook, BCG Group

GDP PER CAPITA AT CURRENT PRICES (US\$)



Source: IBEF - May 2019

RISING AFFLUENCE AND DISPOSABLE INCOME

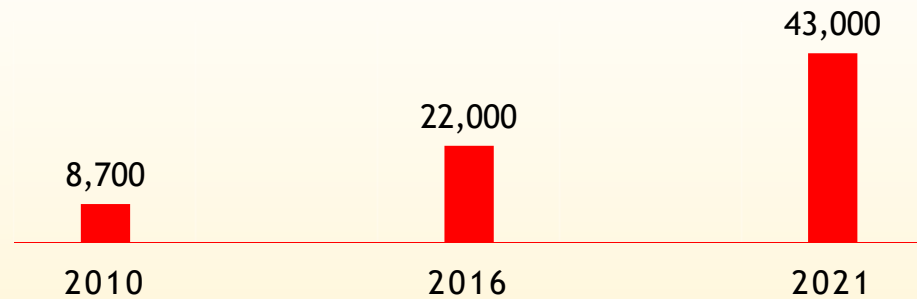


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

Salty Snacks - Poised for Strong Growth

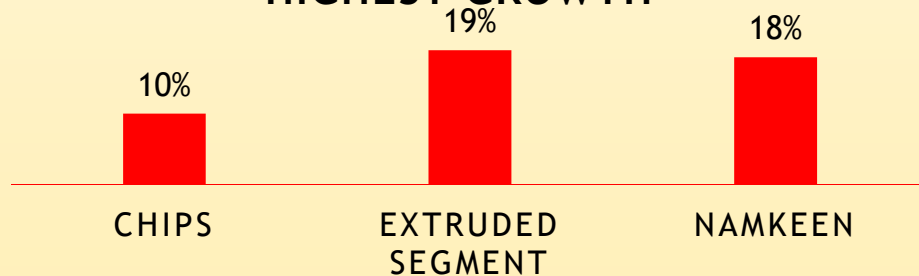


ORGANISED MARKET TO GROW AT A CAGR OF 14.3% OVER 5 YEARS



Source: Systematix Research Report March 2019

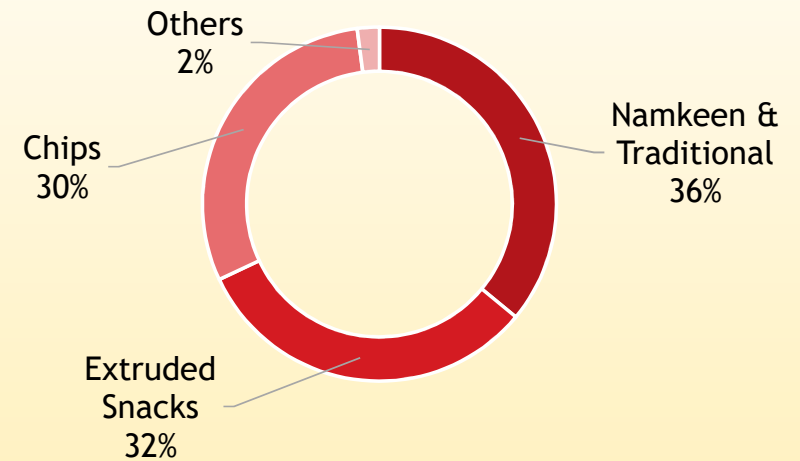
EXTRUDED SNACKS TO POST THE HIGHEST GROWTH*



Source: Systematix Research Report March 2019

*CAGR FY16-FY21

ORGANISED SNACK MARKET BY TYPE OF CATEGORIES

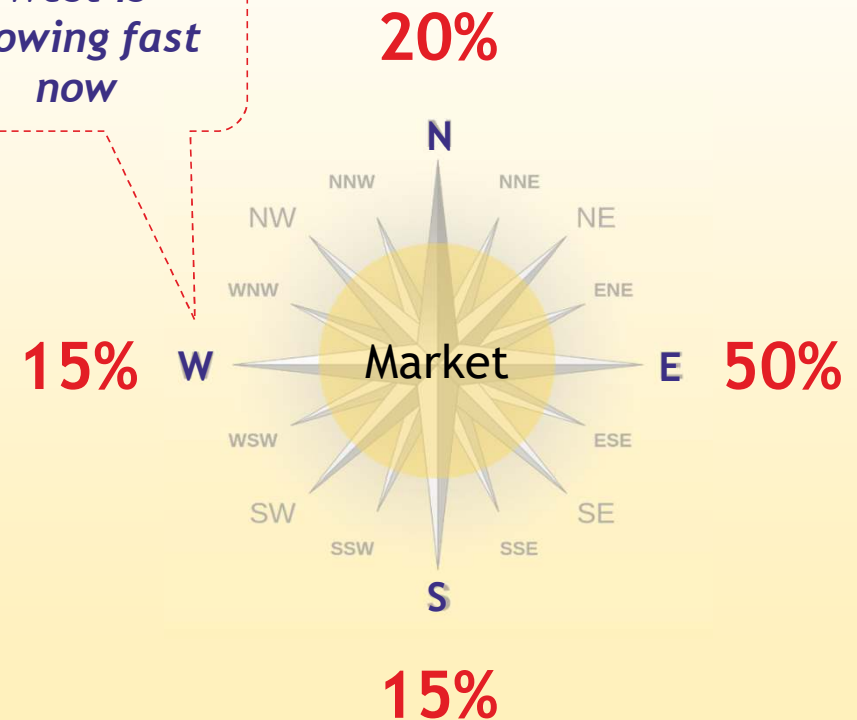


Source: Systematix Research Report March 2019

Sweet Snacks Industry - Size, Growth, Key Players



West is growing fast now





Impact of COVID19 and
Initiatives taken

Q1FY21 - Normalcy resuming post Unlocking



Growth revival after nationwide reopening beings

- Q1FY21 began on a cautious note with a steady revival in operations across facilities
- Improved inventory levels with distributors/ shops and resolved supply chain issues to ensure faster replenishment
- As the lockdown restrictions began to ease out, customers began to increase impulse purchases

But impact of Regional/City lockdowns continues to impact performance

- Increase in cases across cities / districts prompted places to be under lockdown restrictions
- Sales in these cities were hit as lockdown caused complete closure of establishments
- Also irregular operations (odd/even days of function) of retail outlets and grocery stores in certain regions further impacted sales



Gradually turning the tide



- Various initiatives taken to ramp up production at owned and 3P facilities, currently at ~ 85% of pre-Covid levels on an overall basis
 - Carried out necessary changes at manufacturing facilities to ensure appropriate compliance of Covid guidelines
 - The operational challenges that emerged at start of lockdown have now abated and production has largely been stabilised towards the end of the quarter
 - Developing various alternative channels for go-to-market which will help recover volumes
 - Continuing to implement its 4-pillar growth strategy to return to targeted revenue growth
 - Amidst the turbulence, teams remained committed to continued innovation
 - Launching “Omega fortified Potato Chips” in Q2FY21, an exciting and healthier snacking alternative in an immensely popular category
- In these uncertain times, the Company will leverage its robust financial position to rebuild operations
 - Concluded Avadh capacity enhancement during Q1FY21, no major Capex planned in the pipeline
 - Currently Company is debt free and no requirement of capital infusion either by equity or debt



Q1 FY'21 Results
Performance

Operational Overview



- Began FY21 on a challenging note while reporting a topline de-growth, performance was affected due to the disruptions caused due to plant closures, constraints on movement of manpower and material
 - Mother plant, in Indore, comprising 50% of capacity faced elongated shutdown due to its location in a containment zone
 - Quick turnaround in 3P manufacturing facilities increased its contribution to sales to 35%
- Lower levels of operations adversely affected the margins
 - Persistent fluctuations in key raw materials like palm oil also impacted the margins, partially mitigated the impact through process re-engineering and cost optimization
 - Focus on enhancing efficiencies and reducing fixed costs further helped to mitigate the effects of these unprecedented times
- Despite facing a volatile operating environment, plan to launch “Omega fortified Potato chips” which poses as an exciting and healthier snacking alternative in an immensely popular category

Financial Overview



Q1 FY'21:

- Revenue of Rs. 1,957.4 million, registering de-growth of 40.9% yoy due to operating constraints on account of nationwide lockdown
- Operating EBITDA of Rs. 82.4 million, translating to a margin of 4.2% was impacted by operating deleverage
- PAT stood at Rs. (59.6) million
- EPS (Diluted) stood at Rs. (2.54) per share

MD & CEO's Message



Commenting on Q1 FY'21 performance, Mr. Amit Kumat - Managing Director & CEO, Prataap Snacks Limited said:

"It has been a quarter of unprecedented challenges due to the COVID19 pandemic and consequent nationwide lockdown which has impacted operations in all geographies. Though we moved quickly to stabilise operations and ensure business continuity it took relatively longer to re-commence operations at our mother plant, comprising over 50% of total capacity, since Indore was a designated hot spot and containment zone. However, our Guwahati plants and network of 3P facilities served us well enabling us to resume production at these locations in end of April itself. In this backdrop, we witnessed significant loss of production in April, a gradual ramp up in May and production returning to ~80% of Pre-Covid level in June. The operational challenges that emerged at start of lockdown have now abated and production has largely been stabilised towards the end of the quarter. The local lockdowns at various parts of the country are presenting some challenges. However, we continue to focus on bringing back the business at normalcy while positioning ourselves to capitalise on increased customer acceptance of alternate channels for go-to-market.

There has been reduction in fixed costs to strengthen the business while variable costs, especially inputs such as palm oil, have remained stubbornly high. We have partially mitigated the impact through process re-engineering and cost optimisation and are working on additional measures to enhance efficiencies. In these unpredictable times, we continue to maintain a high quality of operations and a robust financial position."

Amidst the turbulence, our teams have remained committed to continued innovation and we are on the cusp of launching "Omega fortified Potato Chips" - an exciting and healthier snacking alternative in an immensely popular category."

Abridged P&L Statement

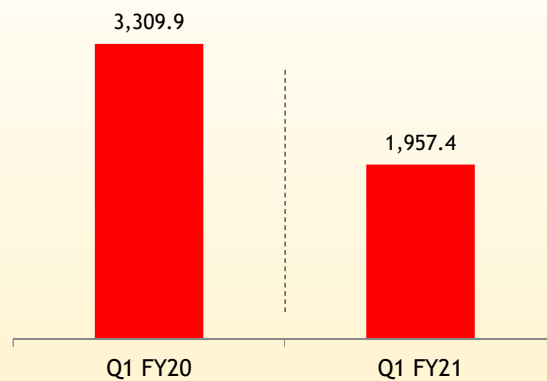


Particulars	Q1 FY'21	Q1 FY'20	Y-o-Y Change (%)
Income from Operations	1,957.4	3,309.9	-40.9%
Raw Material Cost	1,405.2	2,333.5	-39.8%
Gross Profit	552.2	976.4	-43.5%
<i>Gross Margins</i>	28.2%	29.5%	-129 Bps
EBITDA	82.4	272.1	-69.7%
<i>EBITDA Margins</i>	4.2%	8.2%	-401 Bps
Depreciation	159.5	152.8	4.4%
Interest	17.4	20.8	-16.4%
Profit After Tax	(59.6)	96.5	-161.8%
EPS (Diluted) in Rs.	(2.54)	4.12	

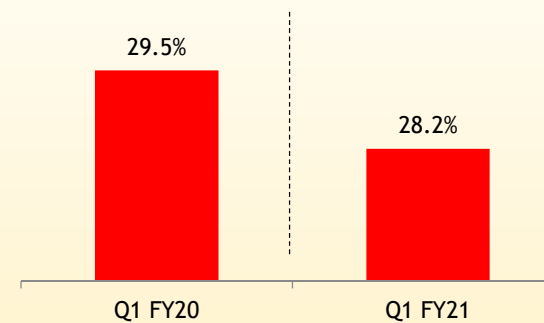
Financials - Q1 FY'21 Performance



SALES / INCOME FROM OPERATIONS



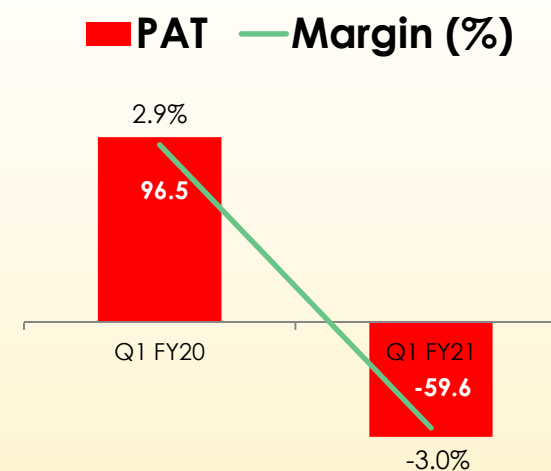
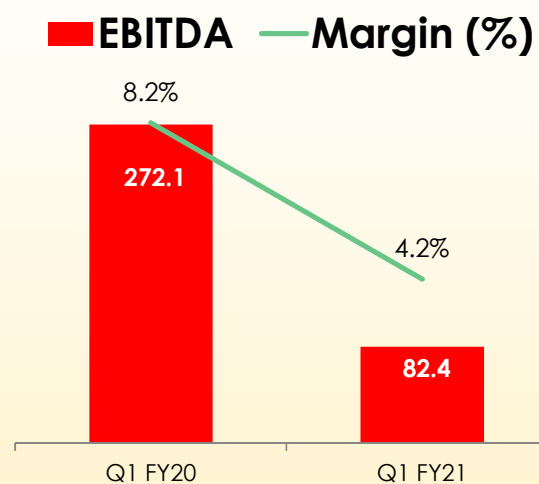
Gross Margin (%)



- Income from operations in Q1 FY'21 de-grew by 41% to Rs.1,957 mn, due to operating constraints on account of nationwide lockdown
- Gross margins contracted by 129 Bps to 28.2% in Q1 FY'21, primarily due to raw material price inflation
 - Partially mitigated the impact through various cost optimization and process re-engineering initiatives

CONSOLIDATED FINANCIALS, IN RS. MILLION

Financials - Q1 FY'21 Performance



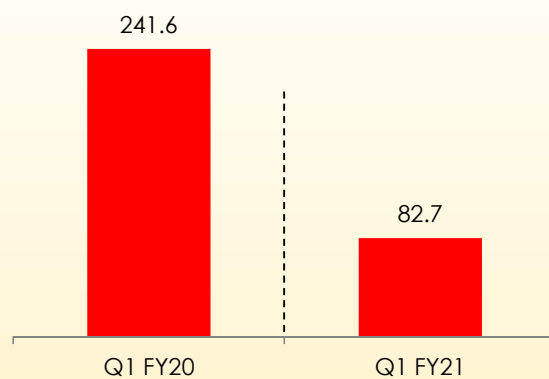
- EBITDA for Q1 FY'21 was lower by 70% YOY at Rs. 82.4 mn, due to operating deleverage as fixed cost for the entire quarter were absorbed by lower revenues
- Loss after Tax for Q1 FY'21 stood at Rs. 59.6 million at a margin of (3.0%)

CONSOLIDATED FINANCIALS, IN RS. MILLION

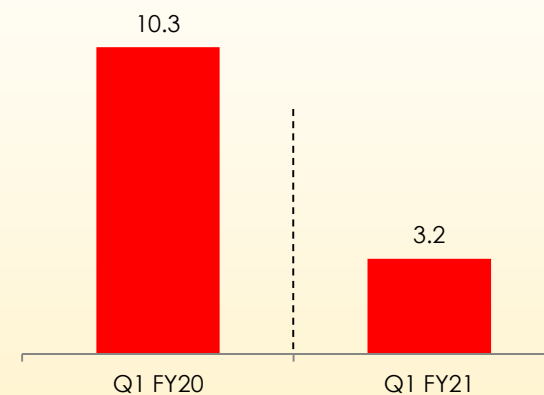
Financials - Q1 FY'21 Performance



Cash Profit



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

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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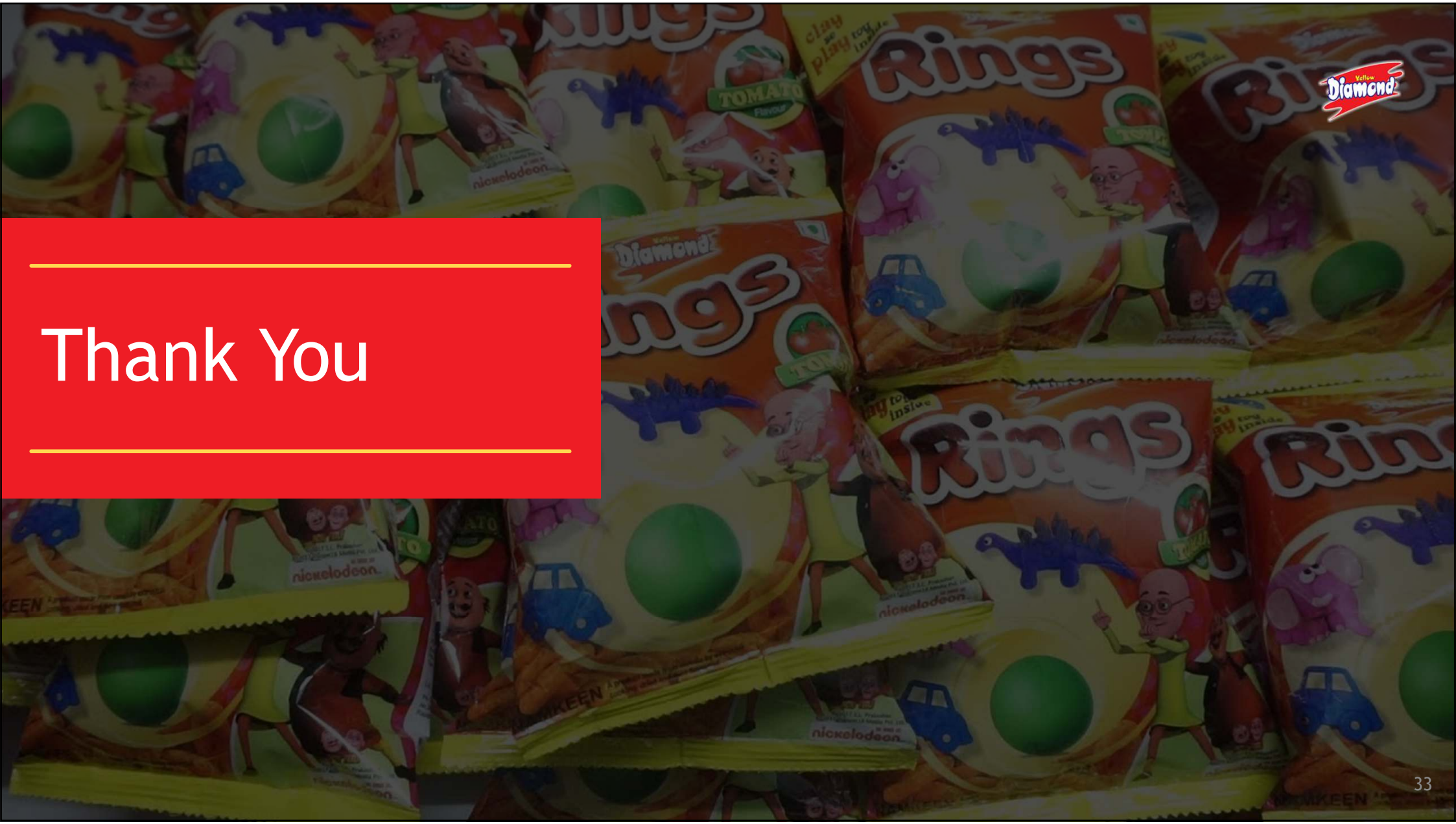
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Thank You
