

PRATAAP SNACKS LIMITED

Q3 & 9M FY21 - Results Presentation



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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Q3 & 9M FY'21 Results



Commenting on Q3 & 9M FY'21 performance, Mr. Amit Kumat - Managing Director & CEO, Prataap Snacks Limited said:

"I am pleased to share that we have delivered an encouraging performance during Q3 with growth on sequential basis despite seasonality in the quarter. This is a clear indicator of demand picking up in our key markets. We continue to explore alternate channels to expand our market reach even as the distribution network steadily rebuilds momentum.

On the operational front, the price of palm oil has consistently risen in recent quarters and remains unusually elevated, thereby adversely impacting the margin. We have partially mitigated the impact through on-going process re-engineering and cost optimization initiatives. We are also implementing a restructuring of our distribution network, starting with select markets, which will lead to an optimised structure and is expected to positively impact our margin performance over the medium term.

With the economy regaining momentum and trains, schools and institutions set to re-open in a phased manner, we expect a further uptick in demand. We are also working on introducing newer products to better address regional tastes and preferences and elevate our presence as a preferred national brand. We believe that our growth initiatives combined with our debt free and asset light model will enable us to create value for stakeholders in the quarters ahead."

Operational Overview



- Witnessed an improvement in demand during the quarter which led to a steady revenue growth sequentially
 - A rebound in the economy and phased reopening of trains, schools and institutions to aid further improvement in demand for the PSL's products
 - The Company continues to enhance its distribution efficiency by exploring various alternate market channels
 - Heightened focus and Initiatives in rural markets and smaller towns have helped the Company to register QoQ revenue growth, despite seasonality
- Facing high volatility in the prices of key raw materials such as palm oil which has adversely affected the Company's margin profile
 - Partially mitigated the impact through continuous operational and manufacturing process re-engineering and cost optimization initiatives
- Starting with target markets, PSL is restructuring its distribution network, which is expected further enhance the structure and lead to a positive impact margin performance in the medium term.
- The Company continues to maintain a steady financial position with robust liquidity
 - Healthy balance sheet enables the Company to scale up capacity headroom to respond to market demand
 - Currently no requirement for debt or capital infusion

Financial Overview



In Q3 FY21 (QoQ basis)

- Revenue of Rs. 3,391.2 million, registering growth of 3.8% QoQ despite seasonality in Q3
- Operating EBITDA of Rs. 175.6 million
- PAT stood at Rs. 45.5 million

In Q3 FY21 (YoY basis)

- Revenue of Rs. 3,391.2 million, registering de-growth of 6.0% YoY
- Operating EBITDA of Rs. 175.6 million, translating to a margin of 5.2%
- PAT stood at Rs. 45.5 million with margins at 1.3%
- EPS (Diluted) stood at Rs. 1.94 per share

In 9M FY21 (YoY basis)

- Revenue of Rs.8,615.5 million, registering de-growth of 20.2% YoY
- Operating EBITDA of Rs. 491.4 million, translating to a margin of 5.7%
- PAT stood at Rs. 70.3 million with margins at 0.8%
- EPS (Diluted) stood at Rs. 3.00 per share

Abridged P&L Statement

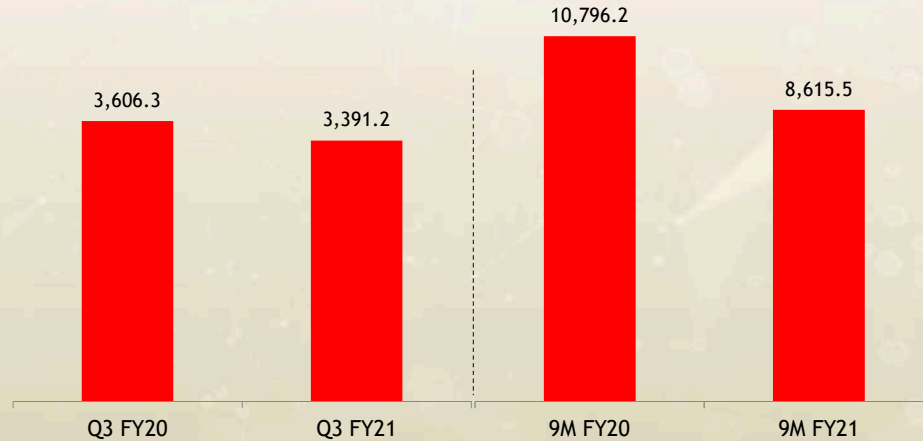


Particulars	Q3 FY'21	Q3 FY'20	Y-o-Y Change (%)	Q2 FY'21	Q-o-Q Change (%)	9M FY'21	9M FY'20	Y-o-Y Change (%)
Income from Operations	3,391.2	3,606.3	-6%	3,267.0	4%	8,615.5	10,796.2	-20%
Raw Material Cost	2,448.4	2,588.9	-5%	2,289.9	7%	6,143.5	7,640.9	-20%
Gross Profit	942.8	1,017.4	-7%	977.1	-4%	2,472.0	3,155.3	-22%
Gross Margins	27.8%	28.2%	-40 Bps	29.9%	-210 Bps	28.7%	29.2%	-50 Bps
EBITDA	175.6	216.1	-19%	233.5	-25%	491.4	799.7	-39%
EBITDA Margins	5.2%	6.0%	-80 Bps	7.2%	-200 Bps	5.7%	7.4%	-170 Bps
Depreciation	128.1	152.7	-16%	126.9	1%	414.6	463.6	-11%
Interest	14.8	17.6	-16%	15.9	-7%	48.2	59.1	-18%
Profit After Tax	45.5	55.2	-18%	84.4	-46%	70.3	271.6	-74%
EPS (Diluted) in Rs.	1.94	2.35	-17%	3.60	-46%	3.00	11.58	-74%

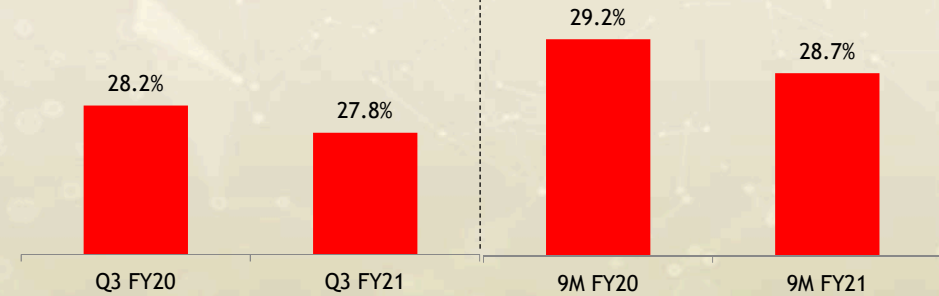
Financials - Q3 & 9M FY'21 Performance



INCOME FROM OPERATIONS

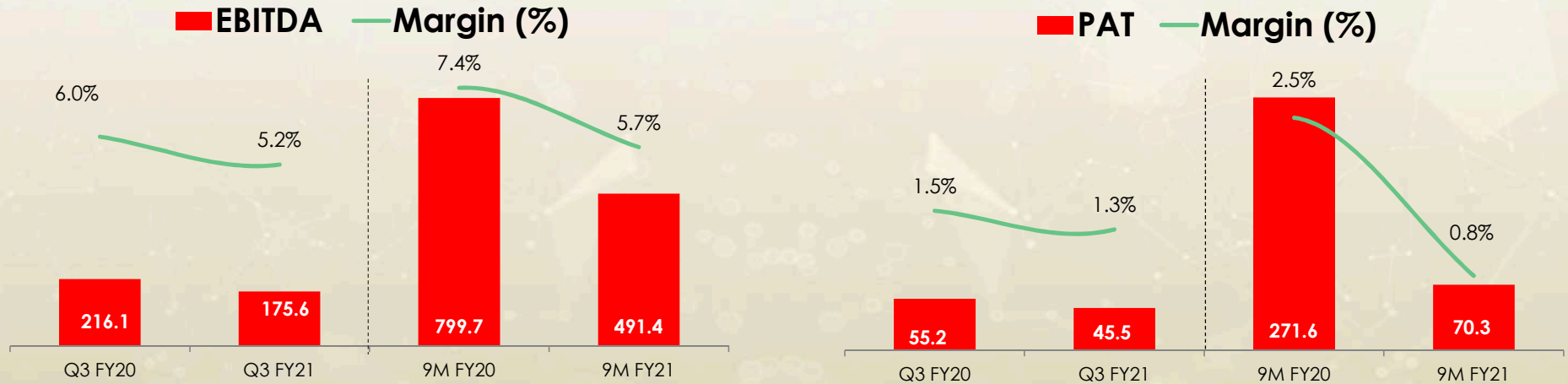


Gross Margin (%)



- Income from operations in Q3 FY'21 stood at Rs.3,391 mn, improving by 4% on a sequential basis
- Gross margins stood at 27.8% in Q3 FY'21
 - Palm oil prices have consistently risen in recent quarters and remain unusually elevated
 - On going cost optimization and process re-engineering initiatives taken which partially mitigated impact of higher palm oil prices

Financials - Q3 & 9M FY'21 Performance

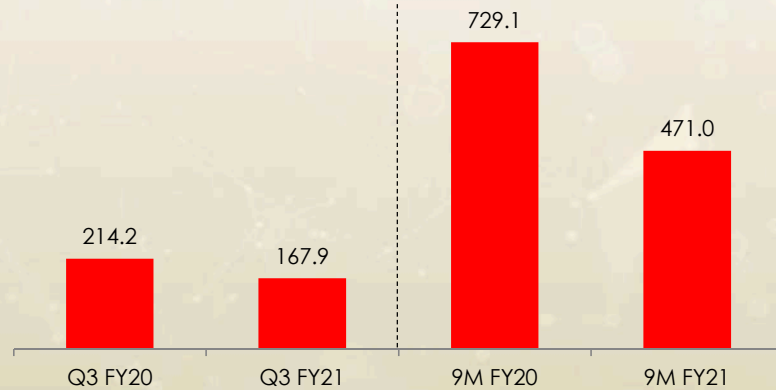


- EBITDA for Q3 FY'21 stood at Rs. 175.6 mn, lower by 19% on a YoY basis
 - EBITDA was adversely impacted due to higher input costs
- Profit after Tax for Q3 FY'21 stood at Rs. 45.5 million with margins of 1.3%

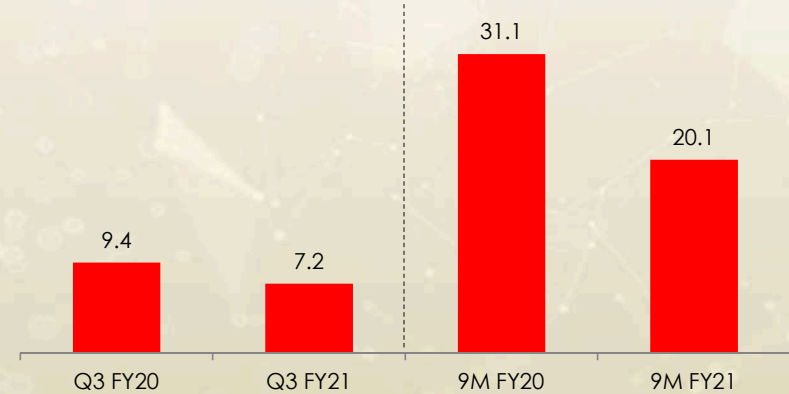
Financials - Q3 & 9M FY'21 Performance



Cash Profit



Cash EPS



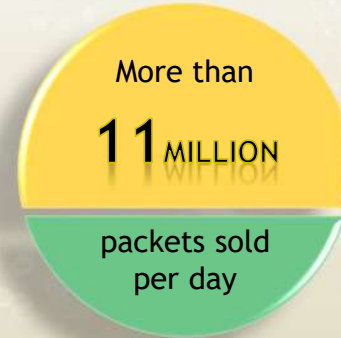
- The Company follows a conservative accounting policy and is amortizing intangible assets of Avadh Snacks
 - A lateral benefit has been contained tax outflow

CONSOLIDATED FINANCIALS, IN RS. MILLION (except cash EPS)



Company Overview

Prataap Snacks at a Glance



*[6 Inhouse plants and 8 contract manufacturing units (3P)]

Diverse Product Portfolio



POTATO CHIPS

- Potato based snack
- SKUs: 10 flavors
- Target group: All



CHULBULE

- Rice grit & Corn grit based snack
- SKUs: 7 flavours
- Target group: Youth & Children



RINGS, KURVES & PUFF

- Corn grit based snack
- Market leader in Rings
- SKUs: 11 flavours
- Target group: Children



NAMKEEN

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



PELLET SNACKS

- Wheat based
- SKUs: 5 flavours
- Target group: Children



CUP CAKE, TIFFIN CAKE & SANDWICH CAKE

- Cake variations with Chocolate fillings
- SKUs: 9 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 positive topline performance in Q3 FY 21 YoY

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: All

Avadh Snacks - Unique Business model & Expansion plans



Business Model

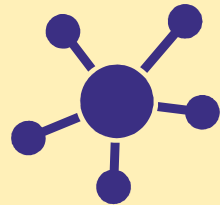


Avadh has a Unique Business model

- 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% in 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

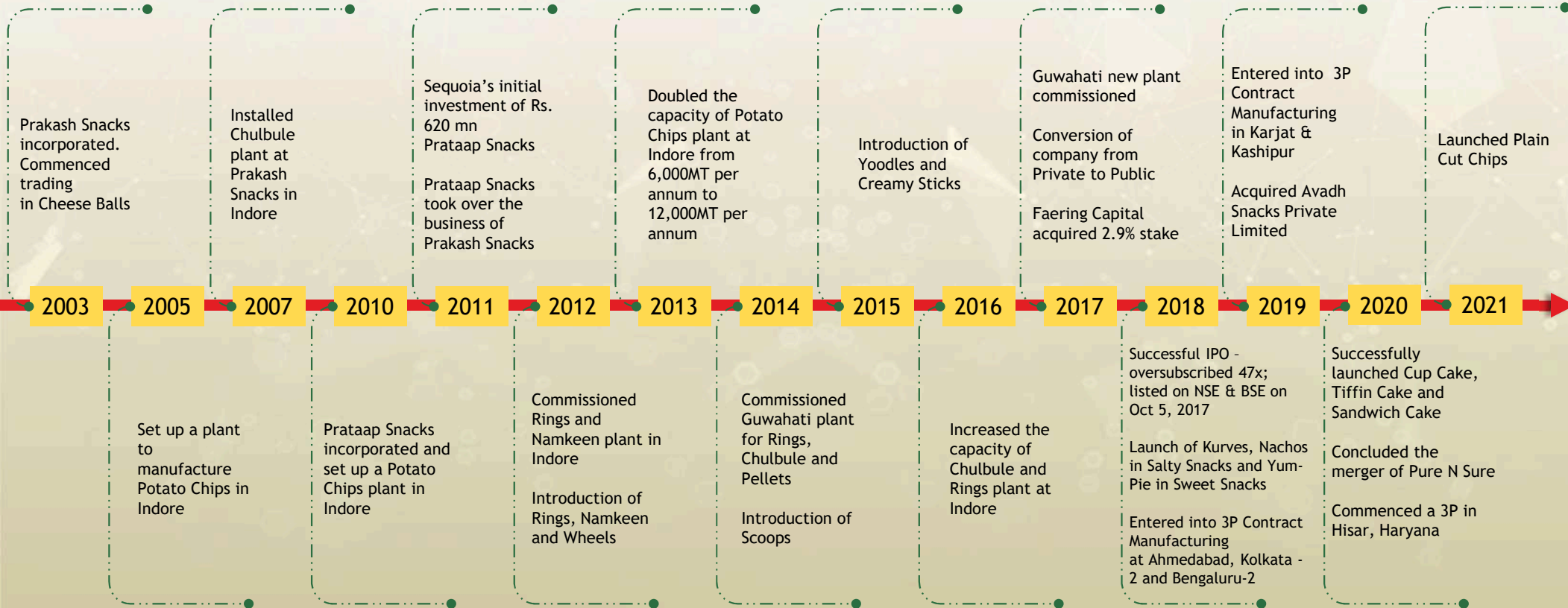
Diverse product portfolio at strategic price points and pack sizes

Track Record of Innovation



Note: As per Financial Year

Key Milestones

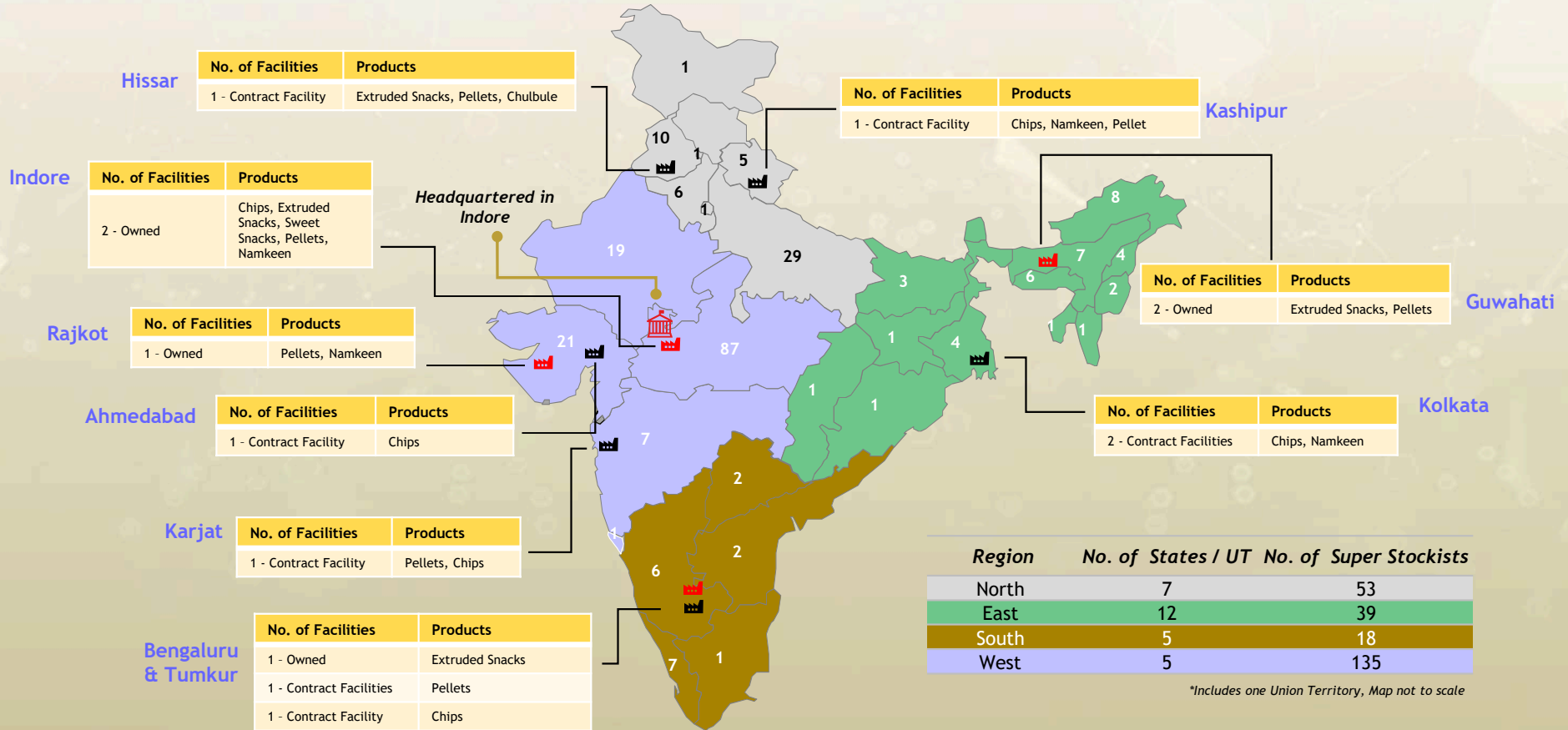


Note: As per Financial Year

Pan India Presence



Strategically located Manufacturing facilities to cater the regional demand



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

Ahmedabad

No. of Facilities	Products
1 - Contract Facility	Chips

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

Kolkata

Karjat

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

Bengaluru & Tumkur

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

Guided by an Accomplished Board



Arvind Mehta

Chairman & Executive Director

Over 31 years of experience in real estate business along with over 17 years in the snacks food industry and in the financing business



Amit Kumat

Managing Director & CEO

Managing Director and Chief Executive Officer
Over 24 years in the snacks food industry



Apoorva Kumat

Executive Director (Operations)

Over 24 years of experience in the snacks food industry



G.V. Ravishankar

*Non-Executive Nominee Director
MD (Sequoia Capital)*

Over 19 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)
31 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 19 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 31 years of experience in real estate business along with over 17 years in the snacks food industry and in the financing business



Mr. Amit Kumat
Managing Director and Chief Executive Officer

Over 24 years in the snacks food industry



Mr. Apoorva Kumat
Executive Director

Over 24 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 18 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 28 years of experience in the FMCG industry and worked with Parle, PepsiCo India and Mother Dairy



Mr. Subhash Bhatt
Vice President - Operations

He holds bachelor degree in Technology. He has over 24 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



Mr. Deepak Brahme
Vice President - Operations

He holds bachelor degree in Science. He has over 24 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 32 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 32 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 23 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 32 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 14 years of experience in corporate laws and secretarial matters and worked with NSE, Great Offshore, Avantika Gas and Universal Cables

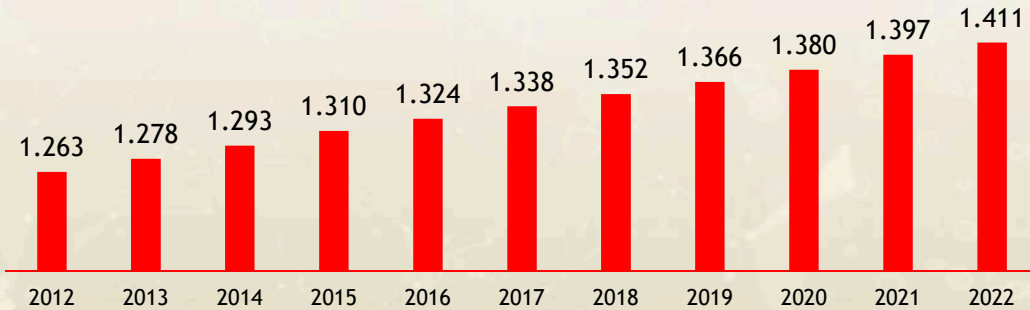


Industry Overview

Favourable Demographics Supporting Industry Growth

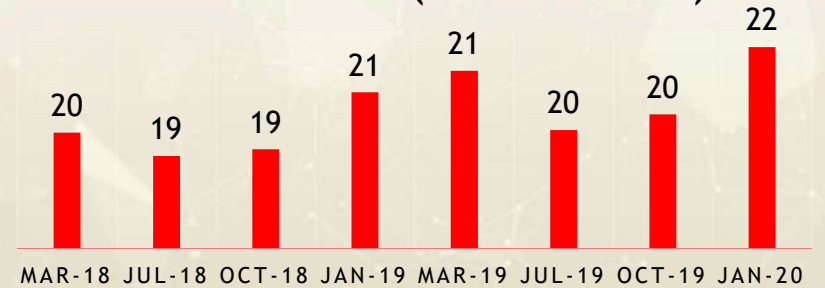


POPULATION TREND (BILLIONS)



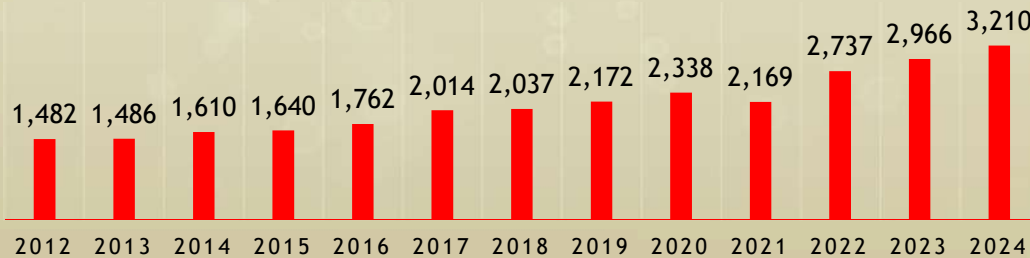
Source: World Population Review

INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



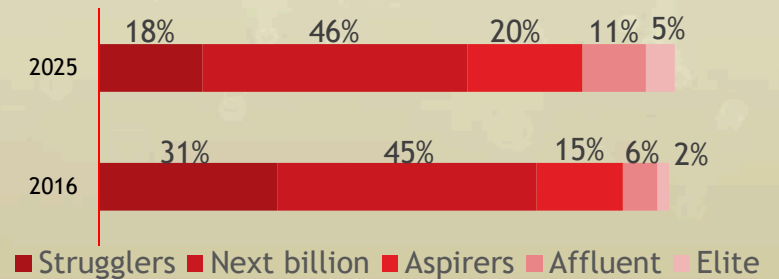
Source: www.statista.com

GDP PER CAPITA AT CURRENT PRICES (US\$)



Source: www.statista.com

RISING AFFLUENCE AND DISPOSABLE INCOME

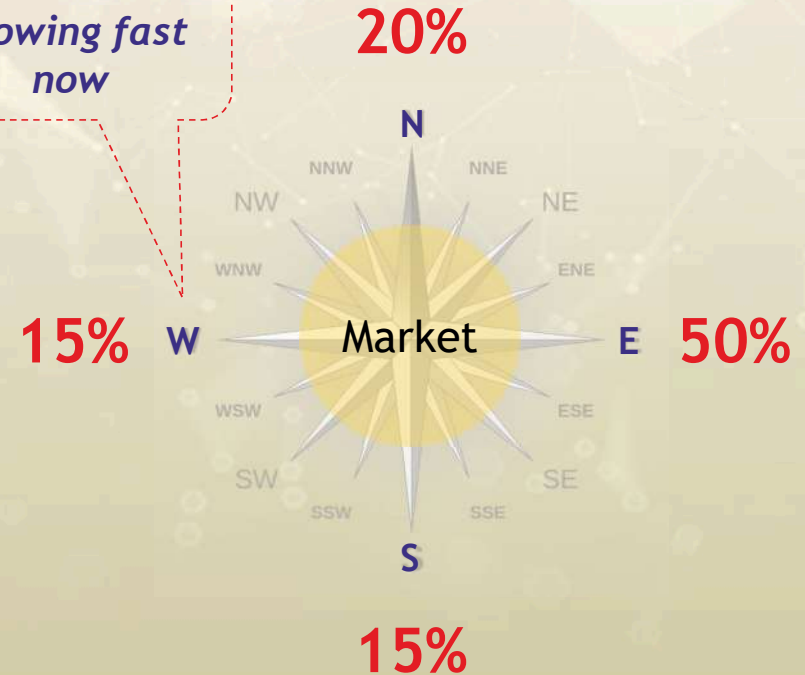


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

Sweet Snacks Industry - Characteristics



West is growing fast now



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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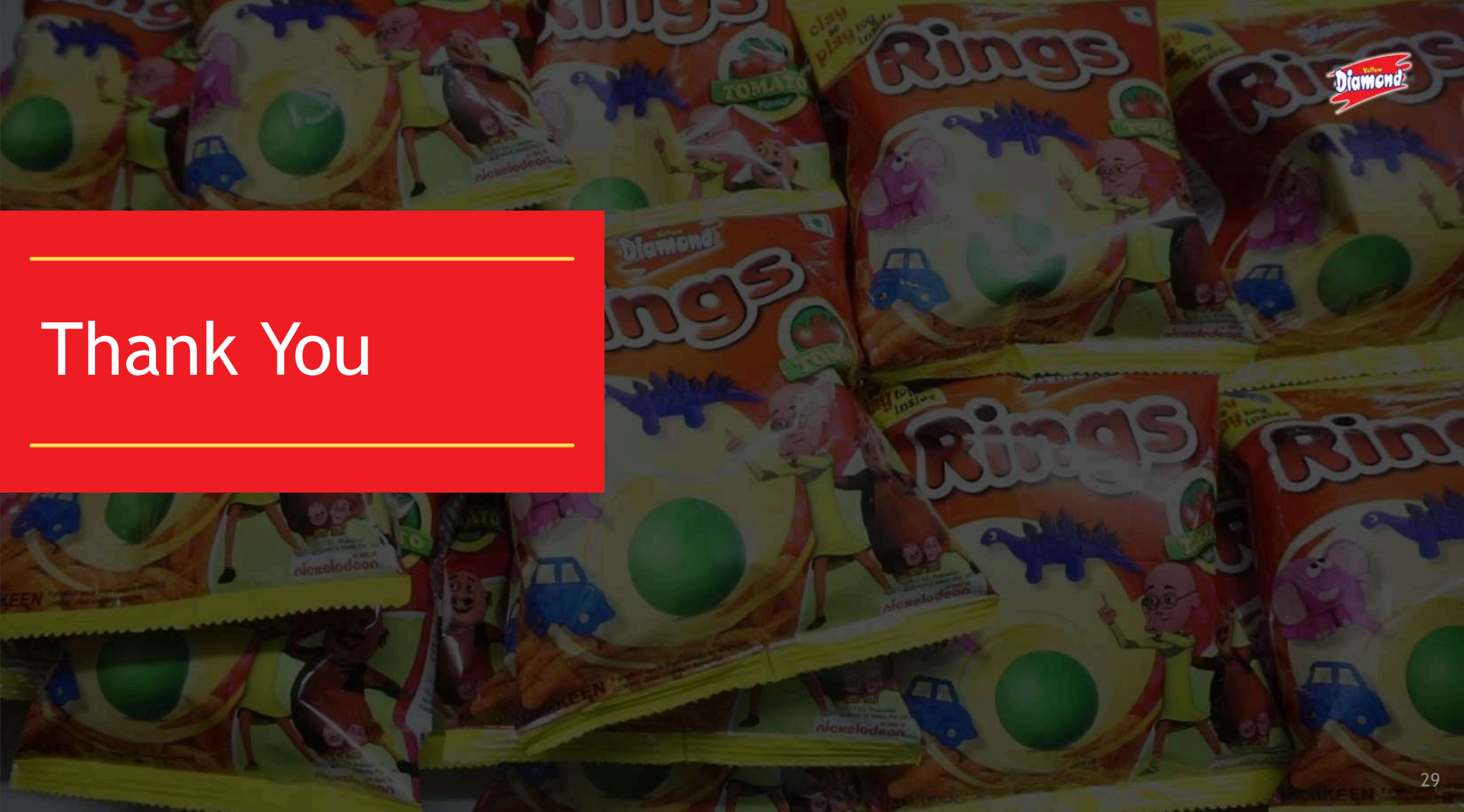
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Thank You