

PRATAAP SNACKS LIMITED

Q2 & H1 FY21 - Results Presentation



November 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.



Contents



Q2 & H1 FY21 Results

4

COVID-19 Impact on the Business

12

Company Overview

15

Industry Overview

28



Q2 & H1 FY'21 Results



Commenting on Q2 & H1 FY'21 performance, Mr. Amit Kumat - Managing Director & CEO, Prataap Snacks Limited said:

“With the resumption of activity across the country, we have witnessed a strong recovery in performance in Q2 compared to Q1. In Q2, we have smoothed out all production and supply side disruptions and ramped up operational capacity across all plants. We continue to experience high volatility in the price of Palm oil, a key raw material, and are actively working to mitigate the impact through process re-engineering and cost optimization initiatives.

Demand is yet to fully rebound as most schools, colleges and multiplexes remain closed while there is limited traffic at railways stations and highways. We expect further recovery and expect demand to revert to pre-COVID levels in the third quarter.”

- Improvement in demand witnessed in Q2 FY21 leading to encouraging revenue growth of 67% Q-o-Q
 - Witnessed a sharp rebound in sales as the lockdown restrictions were lifted
 - Distributors and 3P facilities gradually ramped up operations and have reached 85% of Pre-COVID levels
 - Contribution from 3P facilities came in at 22% for the quarter

- Slight improvement in Gross Margins as cost saving measures helped to offset the effects of volatile price of key raw materials
 - Persistent fluctuations in key raw materials, such as palm oil continued to affect margins during the quarter
 - The impact was partially mitigated through process re-engineering and cost optimization
 - Maintaining focus on enhancing efficiencies and cost optimisation

Financial Overview



In Q2 FY21 (QoQ basis), PSL reported:

- Revenue of Rs. 3,267.0 million, registering growth of 66.9% QoQ
- Operating EBITDA of Rs. 233.5 million, higher by 183.4% QoQ
- PAT stood at Rs. 84.4, higher by 241.6% QoQ

In Q2 FY21 (YoY basis), PSL reported:

- Revenue of Rs. 3,267.0 million, registering de-growth of 15.8% yoy
- Operating EBITDA of Rs. 233.5 million, translating to a margin of 7.1%
- PAT stood at Rs. 84.4 million and EPS (Diluted) stood at Rs. 3.60 per share

In H1 FY21, PSL reported:

- Revenue of Rs. 5,224.3 million, registering de-growth of 27.3% yoy
- Operating EBITDA of Rs. 315.9 million, translating to a margin of 6.0%
- PAT stood at Rs. 24.8 million and EPS (Diluted) stood at Rs. 1.06 per share

Abridged P&L Statement

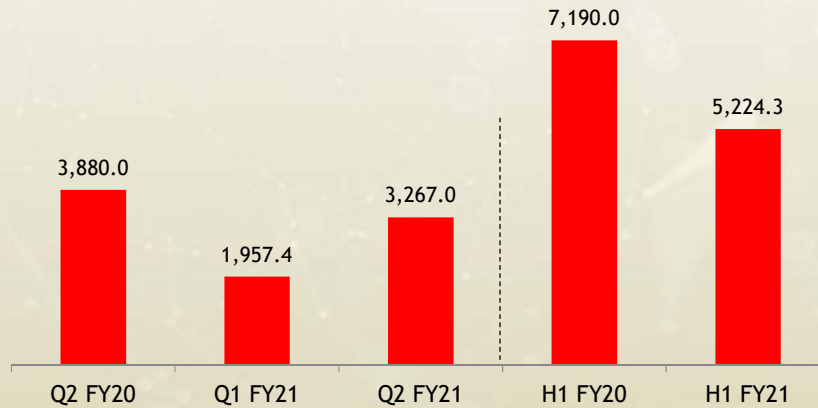


| Particulars | Q2 FY'21 | Q2 FY'20 | Y-o-Y Change (%) | Q1 FY'21 | Q-o-Q Change (%) | H1 FY'21 | H1 FY'20 | Y-o-Y Change (%) |
|-------------------------|----------|--------------|------------------|---------------|------------------|----------|--------------|------------------|
| Income from Operations | 3,267.0 | 3,880.0 | -15.8 | 1,957.4 | 66.9% | 5,224.3 | 7,190.0 | -27.3% |
| Raw Material Cost | 2,289.9 | 2,718.5 | -15.8 | 1,405.2 | 63.0% | 3,695.1 | 5,052.0 | -26.9% |
| Gross Profit | 977.1 | 1,161.5 | -15.9 | 552.2 | 77.0% | 1,529.2 | 2,138.0 | -28.5% |
| <i>Gross Margins</i> | 29.9% | 29.9% | - | 28.2% | 170 bps | 29.3% | 29.7% | -47 bps |
| EBITDA | 233.5 | 311.5 | -25.0 | 82.4 | 183.4% | 315.9 | 583.6 | -45.9% |
| <i>EBITDA Margins</i> | 7.1% | 8.0% | -90 bps | 4.2% | 290 bps | 6.0% | 8.0% | -200 bps |
| Depreciation | 126.9 | 158.1 | -19.7% | 159.5 | -20.4% | 286.5 | 310.9 | -7.9% |
| Interest | 15.9 | 20.7 | -23.2% | 17.4 | -8.6% | 33.3 | 41.5 | -19.8% |
| Profit After Tax | 84.4 | 119.9 | -29.6% | (59.6) | 241.6% | 24.8 | 216.4 | -88.5% |
| EPS (Diluted) in Rs. | 3.60 | 5.11 | -29.6% | (2.54) | 241.6% | 1.06 | 9.23 | -88.5% |

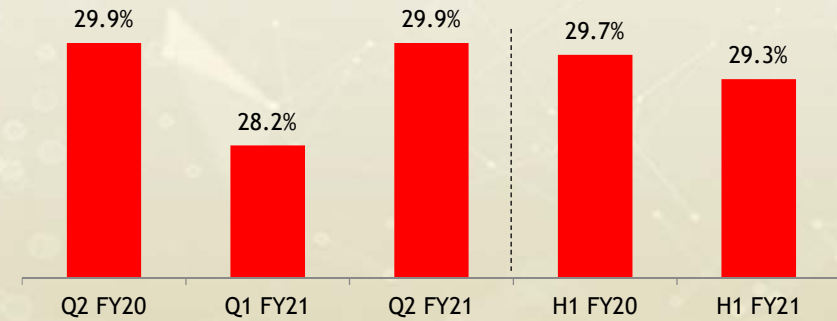
Financials - Q2 & H1 FY'21 Performance



INCOME FROM OPERATIONS

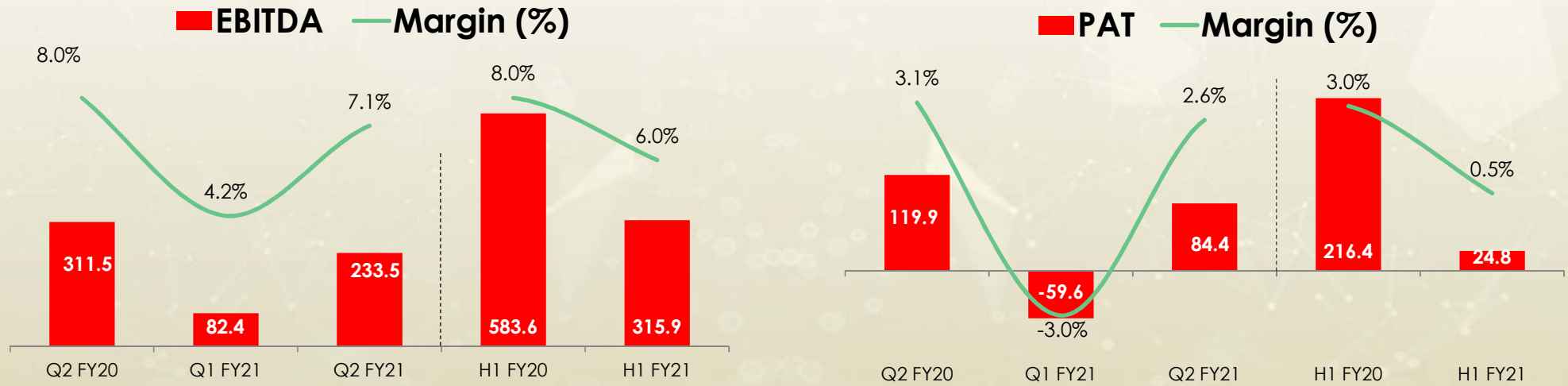


Gross Margin (%)



- Income from operations in Q2 FY'21 stood at Rs.3,267 mn, rebounding sharply from the lows in Q1FY'21
- Gross margins stood at 29.9% in Q2 FY'21 - slight increase on a QoQ basis
 - Mitigated the impact of higher input prices through cost optimization and process re-engineering initiatives

Financials - Q2 & H1 FY'21 Performance



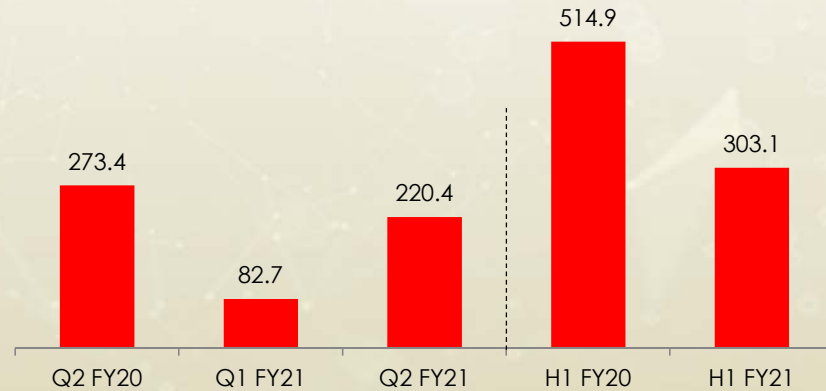
- EBITDA for Q2 FY'21 stood at Rs. 233.5 mn, higher by 183.4% on a QoQ basis
 - With the revival in sales, EBITDA improved sharply on a sequential basis
- Profit after Tax for Q2 FY'21 stood at Rs. 84.4 million at a margin of 2.6%

CONSOLIDATED FINANCIALS, IN RS. MILLION

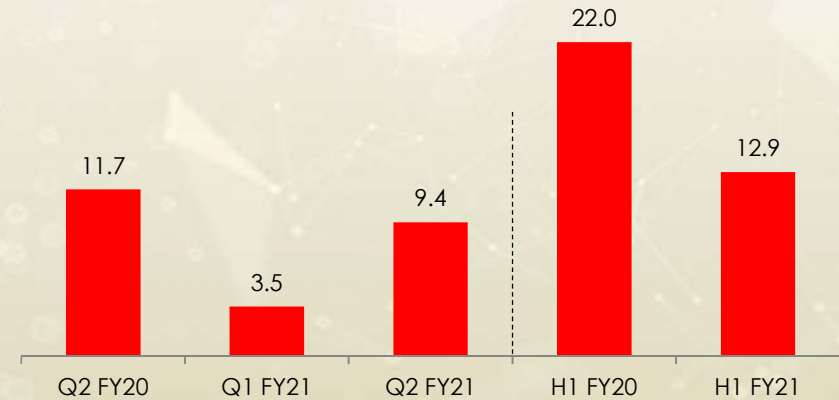
Financials - Q2 & H1 FY'21 Performance



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



Impact of COVID-19 and
Initiatives taken

Q2 FY'21 - Strong Rebound post Unlocking



Revival in growth after nationwide reopening begins

- Witnessed a revival in demand and an uptick in sales versus Q1FY21
- Augmented go to market strategy to enhance distribution efficiency
- Average utilization levels increased to 85% in Q2FY21 from an average of 55% in Q1FY21



While demand has recovered to 85% of pre-COVID levels, institutional sales continue to face challenges due to:

- School, Colleges, cinema halls and multiplexes remain shut adversely impacting impulse purchases
- Mass transport services such as rail, road travel and airlines which are operating at significantly reduced capacities affecting the demand for products

Despite these challenges, expect further recovery in Q3FY21 with demand reverting to pre-COVID-19 levels



Focus continues to be on enhancing Profitability



- Various initiatives have been taken to restore production at owned and 3P facilities
 - The operational difficulties that occurred at the beginning of the lockdown have now been mitigated
 - Undertook cost optimization and process re-engineering initiatives to mitigate the effects of volatile palm oil prices
 - Maintaining focus on the 4-pillar growth strategy to return to targeted revenue growth
 - Amidst the turbulence, teams remained committed to continued innovation
 - **Launched Plain Cut Chips as a part of introducing new products in the market**
- The Company enjoys a comfortable financial position with robust liquidity
 - Can quickly scale up capacity headroom to respond to market demand
 - No major CAPEX spends planned other than maintenance CAPEX
 - No immediate requirement for debt or capital infusion





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: 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 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

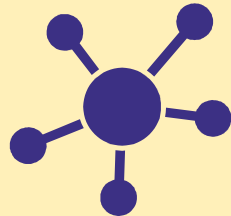


Avadh has a Unique Business model

- 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% 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

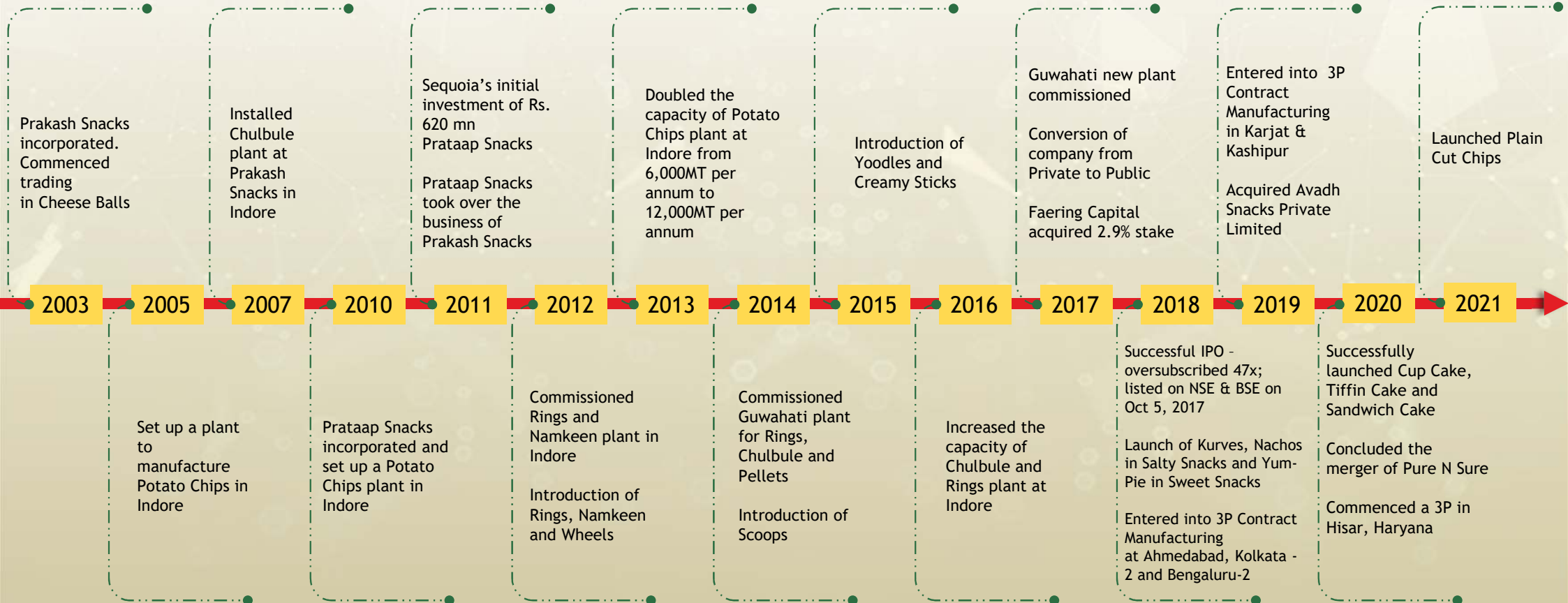
- SKU's - 3
- Target group - Youth and Children

Diverse product portfolio at strategic price points and pack sizes

Track Record of Innovation



Key Milestones

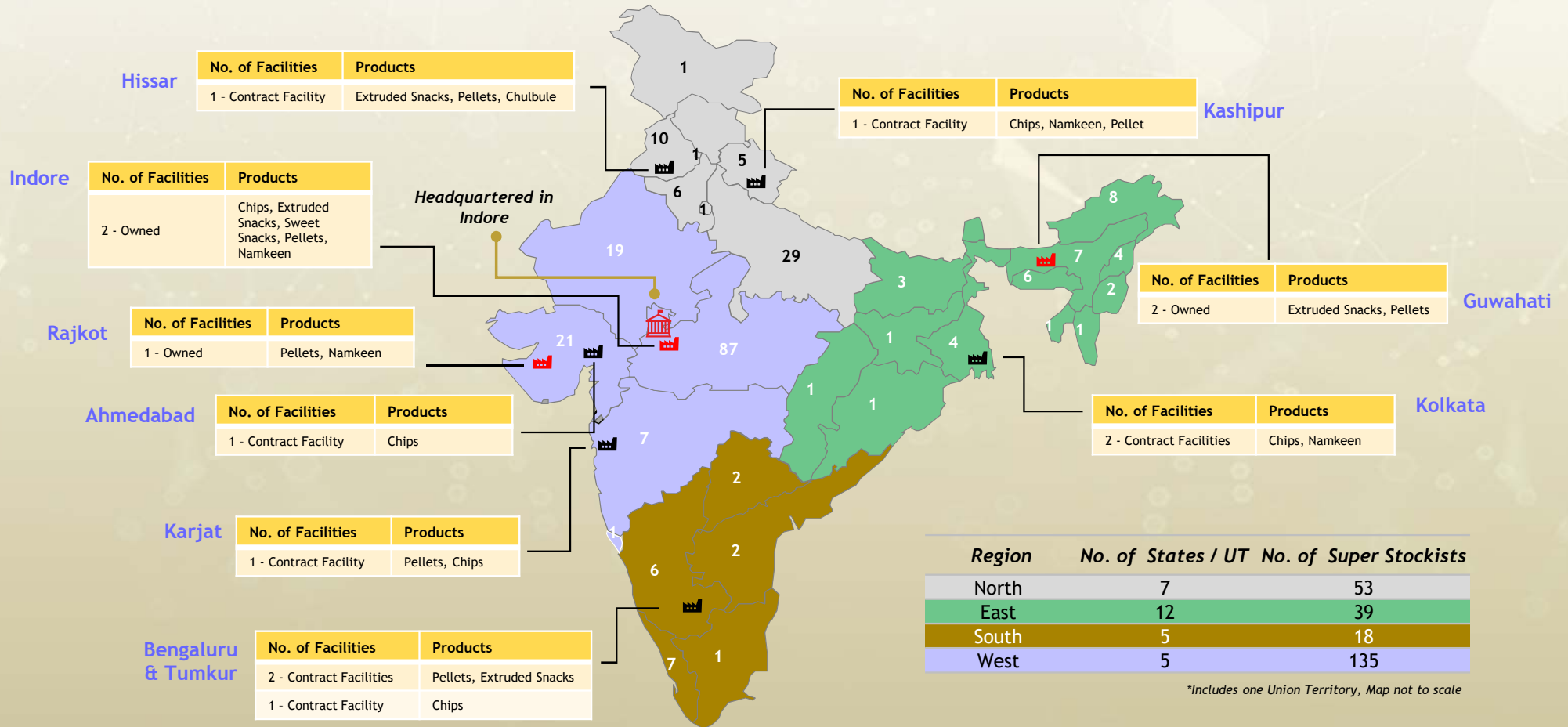


Note: As per Financial Year

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 |

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

Kolkata

Ahmedabad

| No. of Facilities | Products |
|-----------------------|----------|
| 1 - Contract Facility | Chips |

Karjat

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

Bengaluru & Tumkur

| No. of Facilities | Products |
|-------------------------|--------------------------|
| 2 - Contract Facilities | Pellets, Extruded Snacks |
| 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

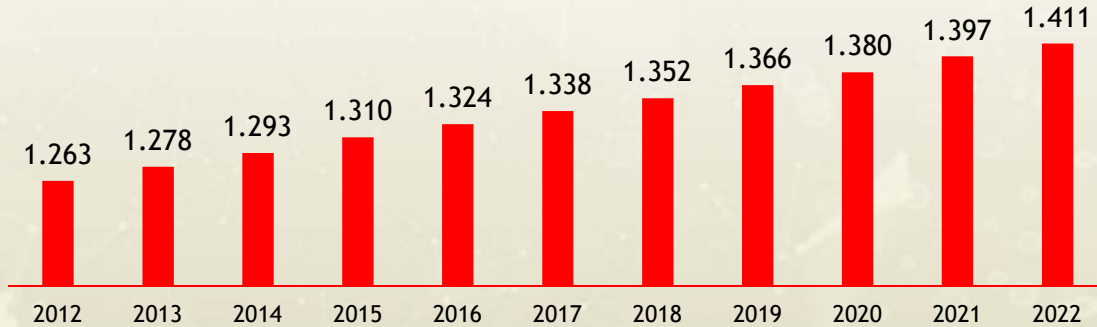


Industry Overview

Favourable Demographics Supporting Industry Growth

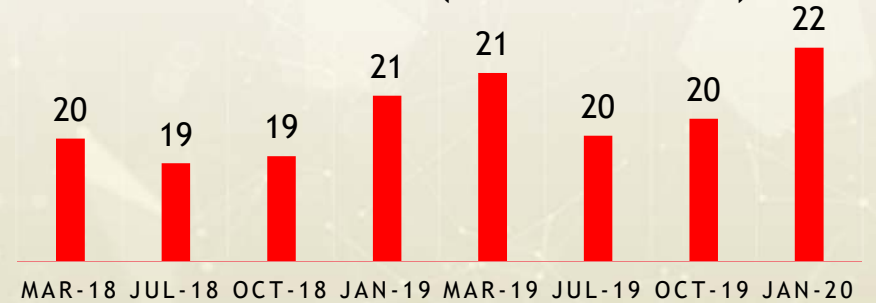


POPULATION TREND (BILLIONS)



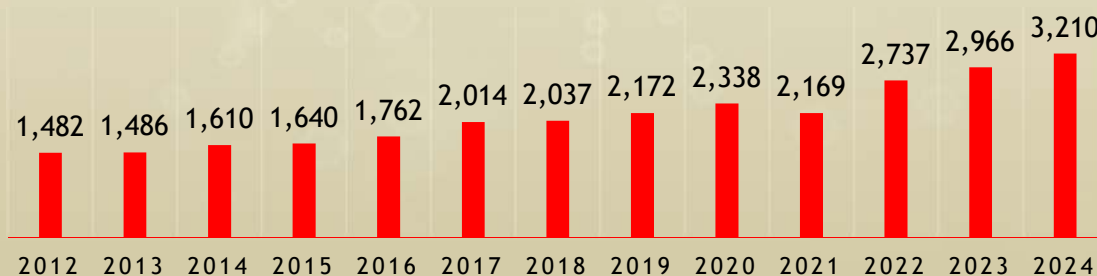
Source: World Population Review

INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



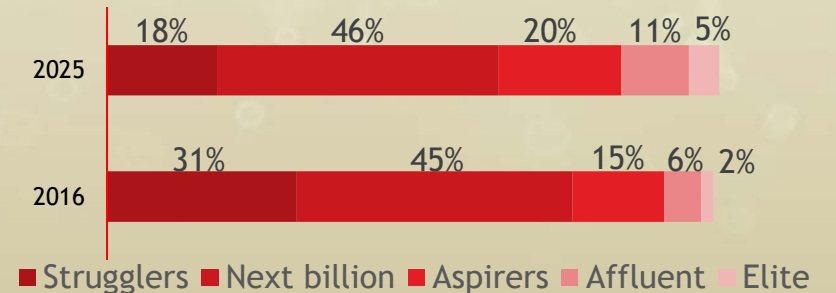
Source: www.statista.com

GDP PER CAPITA AT CURRENT PRICES (US\$)



Source: www.statista.com

RISING AFFLUENCE AND DISPOSABLE INCOME

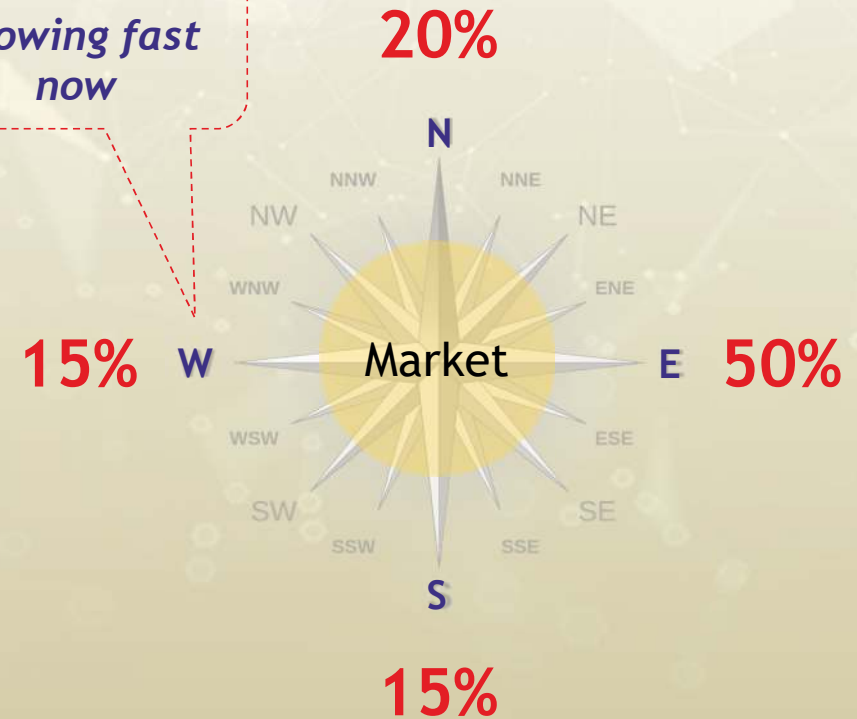


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

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

Tel: +91 731 2439 999

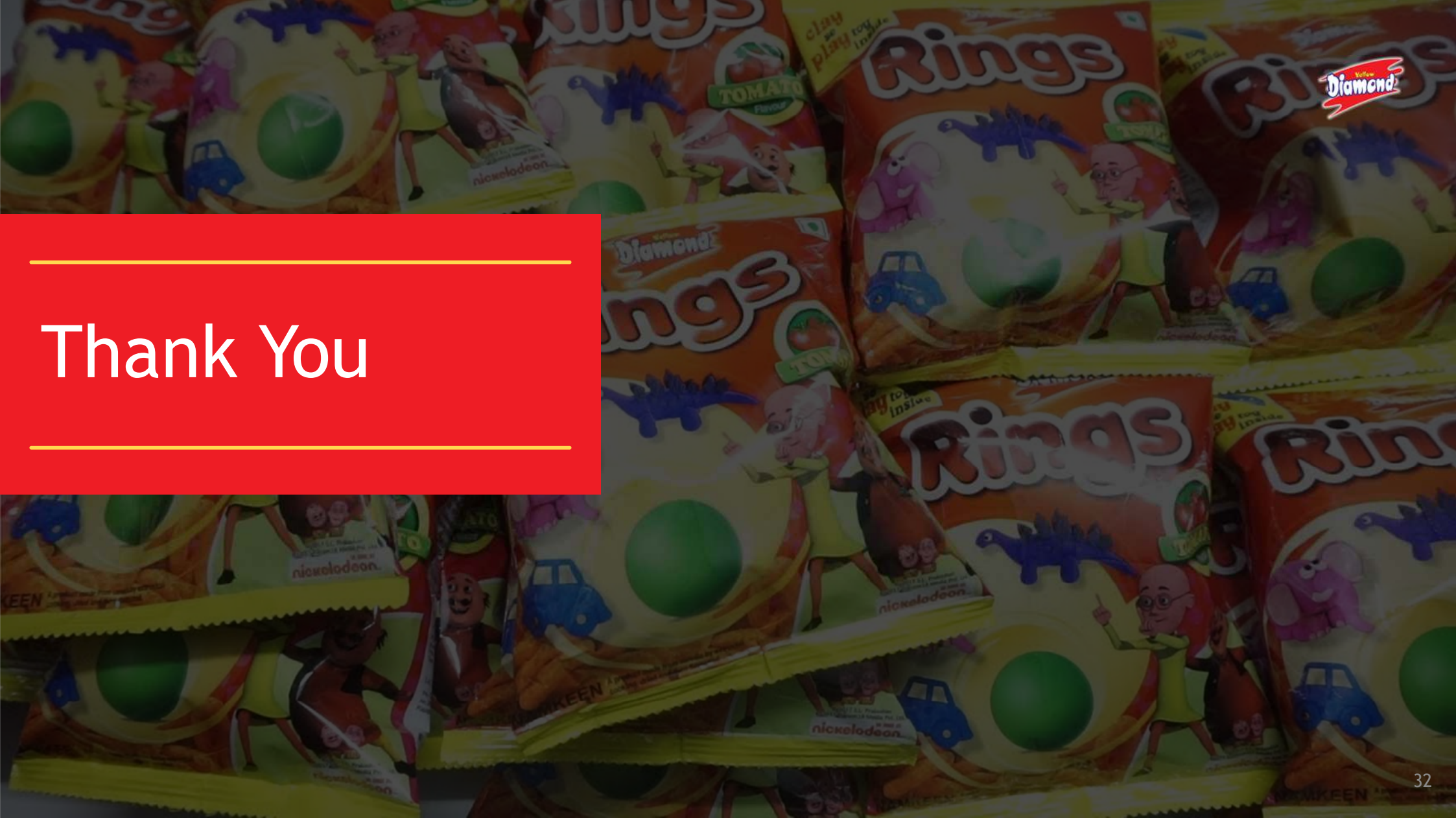
Email: cfo@yellowdiamond.in

Mayank Vaswani / Karl Kolah

CDR India

Tel: +91 98209 40953/ +91 98330
10478

Email: mayank@cdr-india.com
karl@cdr-india.com



Thank You