

PRATAAP SNACKS LIMITED

Q1 FY22 - Results Presentation



August 2021

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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Q1 FY22 Results

Financial Overview



In Q1 FY22 (YoY basis)

- Revenue of Rs. 2,796.2 million, registering growth of 42.9% yoy
- Operating EBITDA of Rs. 110.8 million, higher by 34.5% yoy
- PAT stood at Rs. (15.9) million
- EPS (Diluted) stood at Rs. (0.68) per share

Operational Overview



- Delivered a robust performance during the quarter despite the severe second wave of the pandemic
 - Witnessed a recovery in revenues driven by actions taken by the Company
 - Used the learnings from last year to be better prepared to face the disruptions and overcame challenges and restrictions to ensure uninterrupted supplies to trade channels despite the disruption due to the second wave

- Implementing initiatives to enhance performance and profitability
 - Direct Distribution model will help in delivering better margins on the back of a leaner distribution model
 - Successfully started at initial locations, to steadily increase coverage across the target markets in the coming months
 - Actively undertook Tele calling initiative to enable faster replenishment of stocks and increase volumes
 - This initiative worked efficiently in test markets and the Company will implement across key markets in a phased manner

Operational Overview



- Creating hubs within close proximity of key markets to facilitate streamlined distribution and enhance cost efficiencies
 - Have set up manufacturing facility in Kolkata which will serve as a hub for the Eastern region

- Continuing to face high volatility in key raw materials, especially palm oil which is impacting margins
 - Average cost of palm oil during Q1 FY22 is higher by 65% yoy
 - Impact was significantly mitigated through a mix of cost reduction, increased sales realizations and process improvements
 - Direct Distribution model will aid saving in distribution cost which will optimize realisation and support margins

- The Company continues to maintain a steady financial position with robust liquidity
 - Investments already undertaken which will meet existing demand
 - Healthy balance sheet enables the Company to scale up capacity headroom to respond to market demand



Unlocking of Restrictions

- Key sales points like railway stations, bus stations, markets and highways witnessing subdued activity
- Re-opening of schools, colleges and other institutions, to re-invigorate demand for products which are primarily out-of-home consumption
- Plan to launch Avadh products outside Gujarat markets



Improved Distribution Reach

- Focusing on tele-calling and leveraging on startups to improve distribution and faster replenishments
- Successful pilot in 2019 which is now converted in a full-fledged program in various regions
- Using a mix of data and analysis, feedback from local sales team and software to identify distribution gaps
- Re-opening of Modern trade to aid distribution reach

Measures To Enhance Profitability and Returns



Bottom slicing

- Identified reasons for lower volumes and worked on levers to enhance the same
- Discontinued products that yielded lower margins which will also lead to lower indirect costs

Expanding 3P tie-ups

- PSL has set up 5 3P facilities in last 3 years
- Contribution of 3P facilities increased from 8% to 24% of sales in last 3 years
- Implementing asset light model



Compressing of Distribution Structure

- PSL is implementing direct distribution from its various plants across regions
- This results in savings through lower trade margins and freight optimization

Establishing hubs across India

- PSL has identified facilities at Hisar and Bengaluru for upgradation into hubs
- Establishing Kolkata as a hub to serve the eastern region
- These hubs will have the entire product range and cater to proximate markets in order to optimise distribution with cost efficiency



Commenting on Q1 FY22 performance, Mr. Amit Kumar - Managing Director & CEO, Prataap Snacks Limited said:

“We have delivered a robust performance despite the severe second wave of the pandemic in India. The learnings of the past year had made us better prepared to face the disruptions and our team responded with agility to overcome challenges and restrictions to ensure uninterrupted supplies to trade channels. This has helped us to post revenue of Rs. 279.6 crore which is higher by 43% on a yoy basis.

We have witnessed unprecedented rise in palm oil prices over the same quarter last year, which has exerted significant pressure on profitability. Our continuous steps towards cost rationalisation and process improvements have significantly offset this impact.

Even as we work towards fully rebuilding the business back to pre-COVID levels, we are implementing initiatives to enhance performance and profitability. We are implementing our tele-calling to a larger number of territories to improve distribution throughput in the existing channels. We have set up a plant in Kolkata which will serve as a hub and enable us to optimise distribution in the Eastern region with cost efficiency. Further, implementation of our direct distribution model is progressing steadily, leading to structural improvement in profitability.

Stability in cases supported by increasing vaccination rates are setting the platform for a full reopening of the economy. Our wide product portfolio, optimised distribution architecture and robust financial position place us favourably for growth as economic activity recovers.”

Abridged P&L Statement

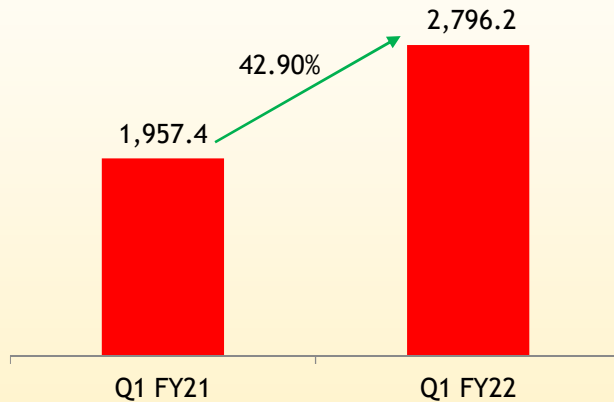


Particulars	Q1 FY'22	Q1 FY'21	Y-o-Y Change (%)
Income from Operations	2,796.2	1,957.4	43%
Raw Material Cost	2,125.4	1,405.2	51%
Gross Profit	670.8	552.2	21%
<i>Gross Margins %</i>	24.0%	28.2%	- 420 Bps
EBITDA	110.8	82.4	34%
<i>EBITDA Margins %</i>	4.0%	4.2%	- 20 Bps
Depreciation	131.1	159.5	-18%
Interest	16.2	17.4	-7%
Profit After Tax	(15.90)	(59.60)	73%
EPS (Diluted) in Rs.	(0.68)	(2.54)	73%

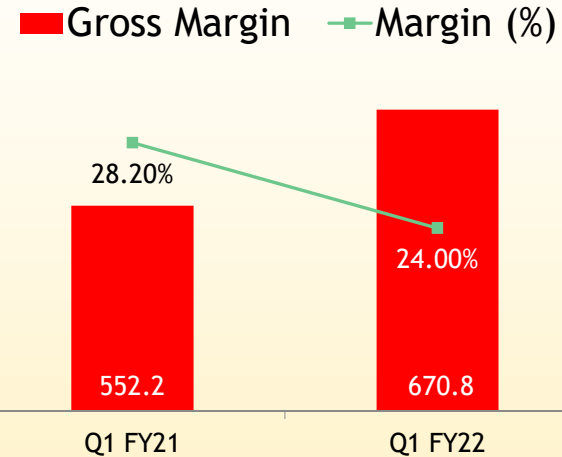
Financials - Q1 FY22 Performance



Income From Operations

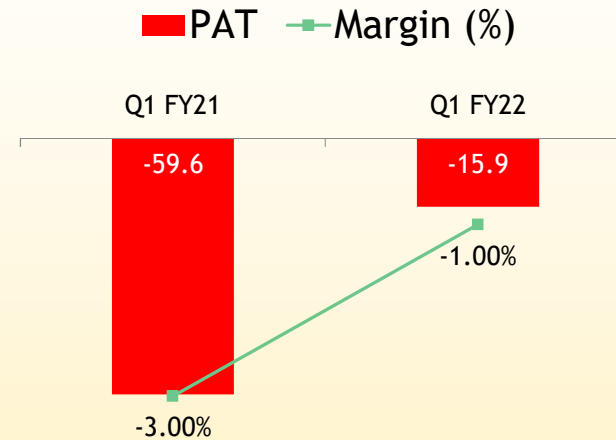
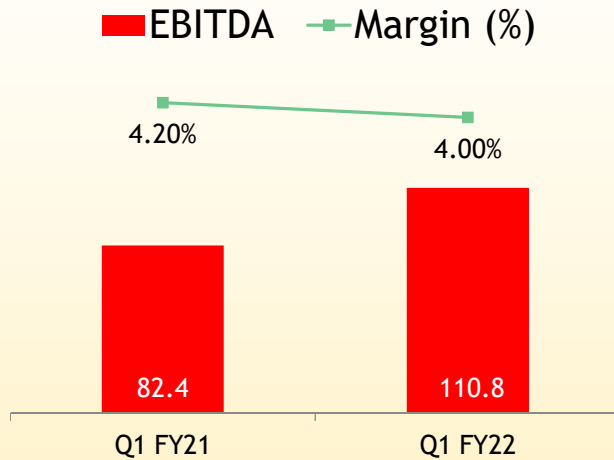


Gross Margin (%)



- Income from operations in Q1 FY22 grew by 42.9%, stood at Rs.2,796.2 mn,
- Gross margin was resilient at 24.0% in Q1 FY22 despite severe raw material inflation
 - Palm oil which is the major raw material component witnessed sharp increase of 65% YoY
 - Ongoing cost optimization and process re-engineering initiatives, largely mitigated impact of higher palm oil prices

Financials - Q1 FY22 Performance



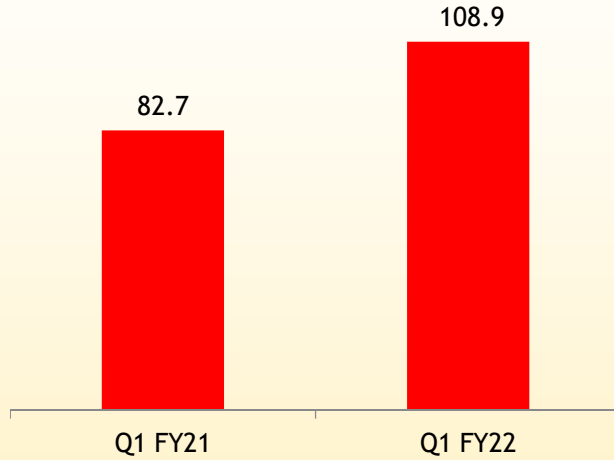
- EBITDA for Q1 FY22 stood at Rs. 110.8 mn, marginal improvement despite pressure in Gross Margin
- Profit after Tax for Q1 FY22 stood at Rs. (15.9) million

CONSOLIDATED FINANCIALS, IN RS. MILLION

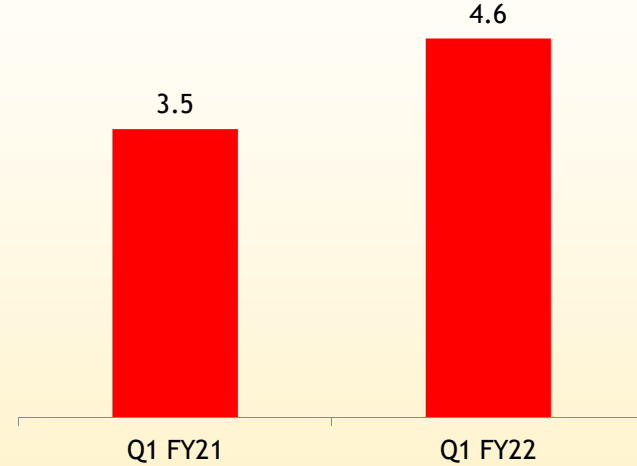
Financials - Q1 FY22 Performance



Cash Profit



Cash EPS (in Rs.)



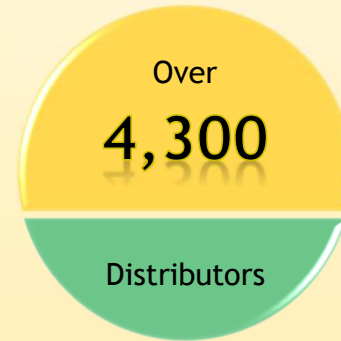
- The Company follows a conservative accounting policy and is amortizing intangible assets of Avadh Snacks

CONSOLIDATED FINANCIALS, IN RS. MILLION EXCEPT AS STATED



Company Overview

Prataap Snacks at a Glance



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

Diverse Product Portfolio



POTATO CHIPS

- Potato based snack
- SKUs: 10 flavours
- 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 and other lentils 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



25% revenue CAGR over the past 5 years



Avadh Snacks delivered strong double-digit growth in Q1 FY22 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

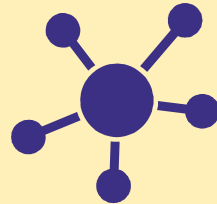


Avadh has a Unique Business model

- 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 Q1 FY21

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

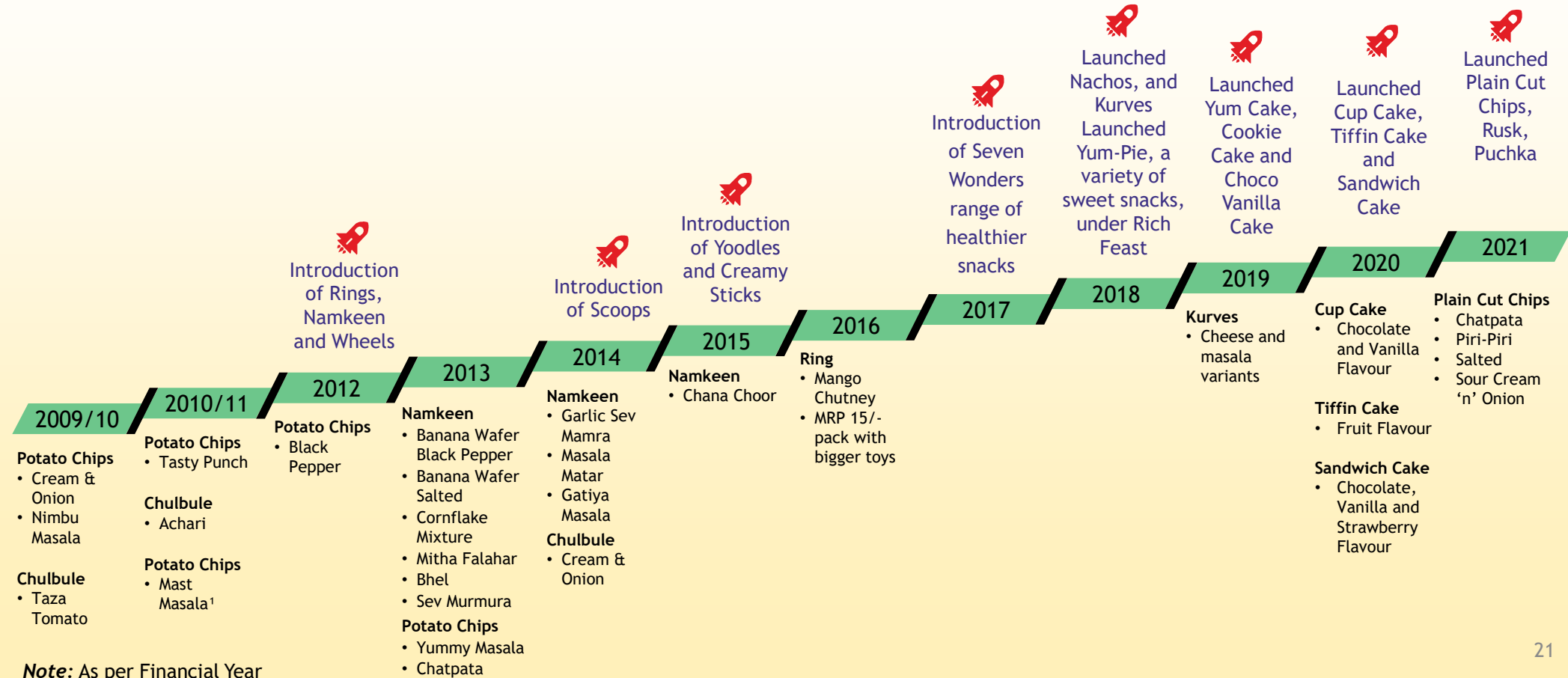


Sandwich Cake

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

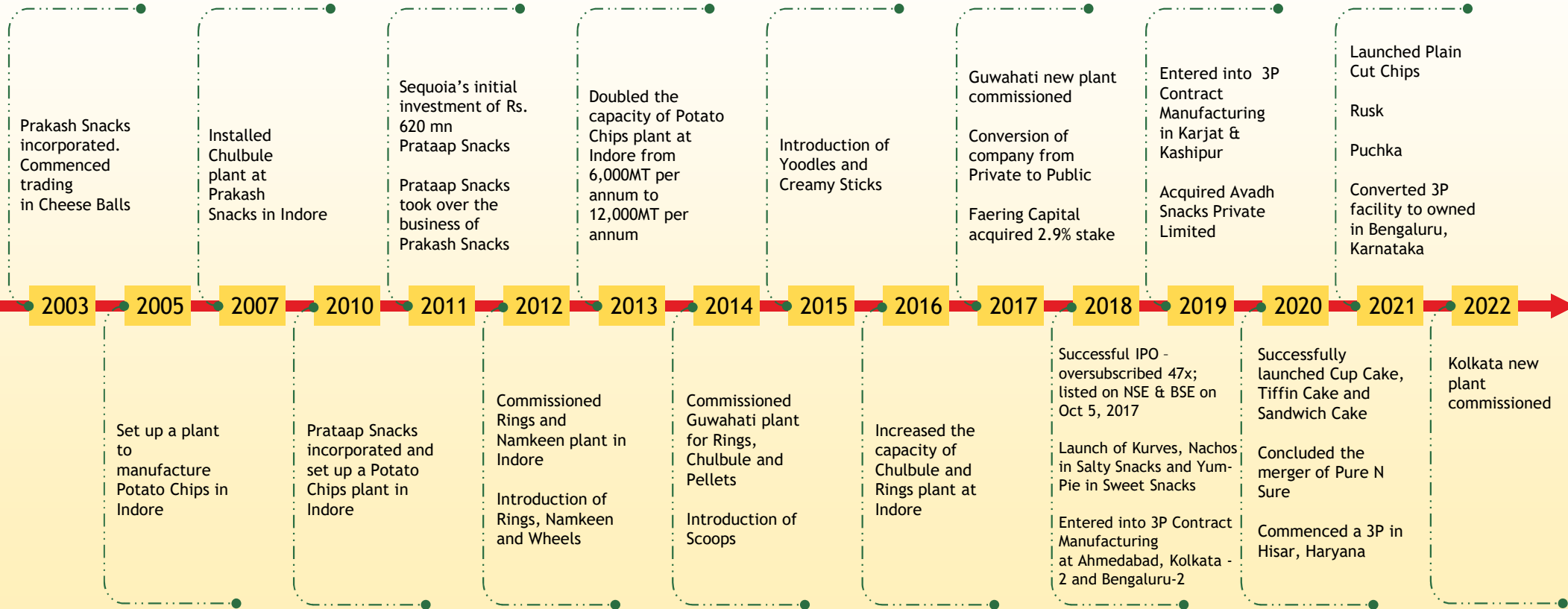
Diverse product portfolio at strategic price points and pack sizes

Track Record of Innovation



Note: As per Financial Year

Key Milestones

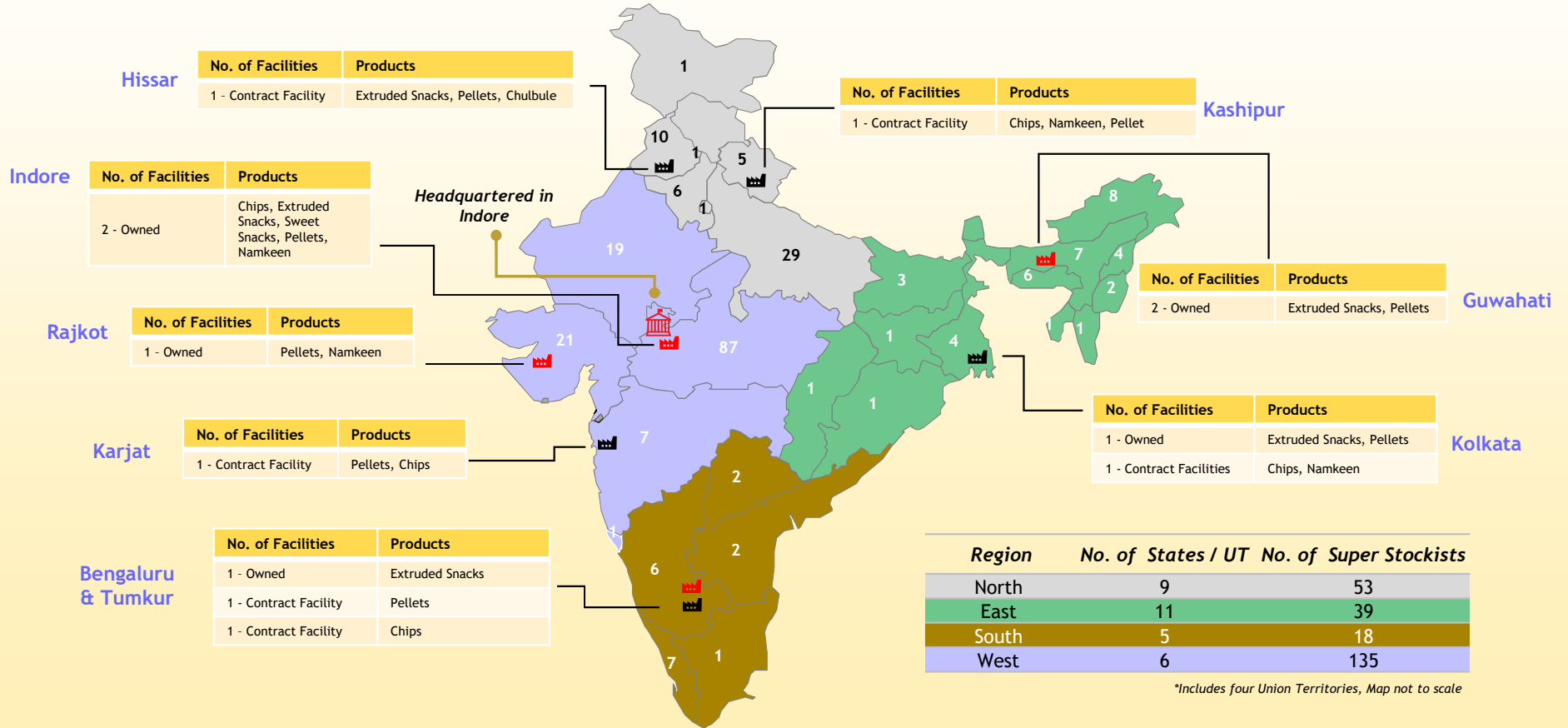


Note: As per Financial Year

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

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

Guwahati

Rajkot

No. of Facilities	Products
1 - Owned	Pellets, Namkeen

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

Guided by an Accomplished Board



Arvind Mehta

Chairman & Executive Director

Over 32 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 25 years in the snacks food industry



Apoorva Kumat

Executive Director (Operations)

Over 25 years of experience in the snacks food industry



G.V. Ravishankar

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

Over 20 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

(resigned w.e.f. 15.06.2021)

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



Chetan Kumar Mathur

Independent Director

Ex-CFO PepsiCo India (Snacks)
32 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 20 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 32 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 25 years in the snacks food industry



Mr. Apoorva Kumat
Executive Director

Over 25 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 19 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 29 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 25 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



Mr. B. Parameswaran
Production Head

Qualified from University of Agricultural Sciences, Bangalore. Certified course in Baking & Confectionery. He has 35 years of experience in Biscuit & Cake manufacturing industry and worked with Kwality Biscuits and Anmol Biscuits



Mr. Awadh B. Singh
General Manager Sales - East

He holds bachelor degree in Science. He has over 33 years of experience in the FMCG industry and worked with Prakash Snacks and Hello Agro

Helmed by a Professional Management Team



Corporate functions



Mr. Mahesh Purohit
General Manager Sales - West

He holds bachelor degree in Commerce. He has over 24 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 33 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 15 years of experience in corporate laws and secretarial matters and worked with NSE, Great Offshore, Avantika Gas and Universal Cables

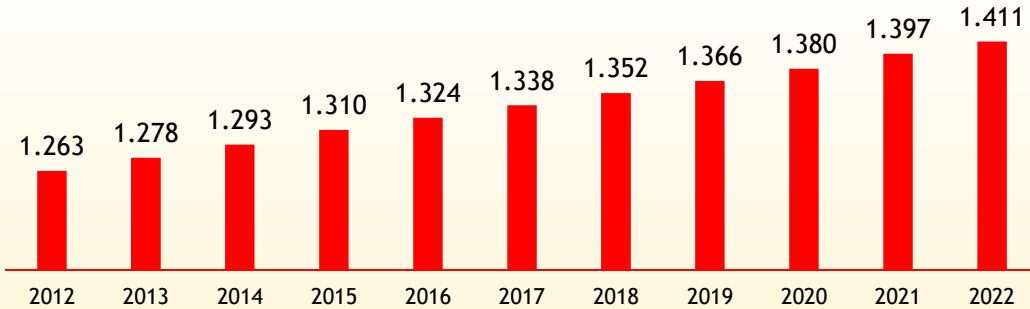


Industry Overview

Favourable Demographics Supporting Industry Growth

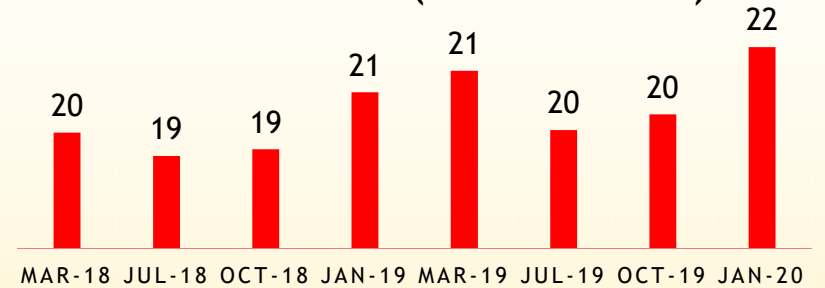


POPULATION TREND (BILLIONS)



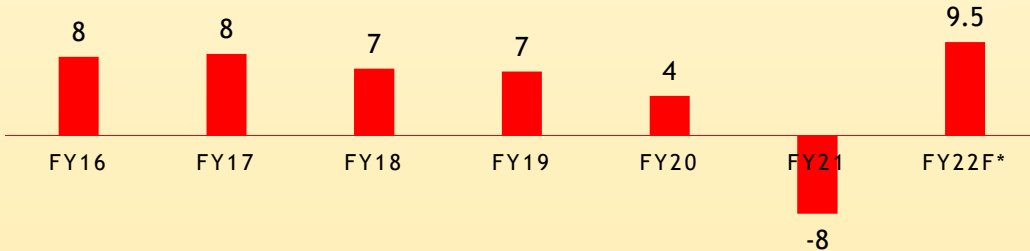
Source: World Population Review

INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



Source: www.statista.com

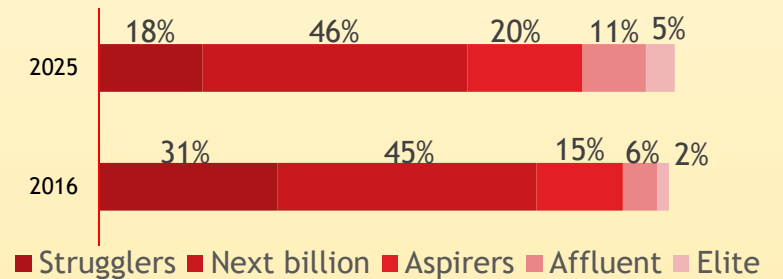
INDIA GDP GROWTH (%)



Source: National Statistics Office - FY21 Advanced Estimates dated February 26, 2021

*IMF Estimate, July 2021

RISING AFFLUENCE AND DISPOSABLE INCOME

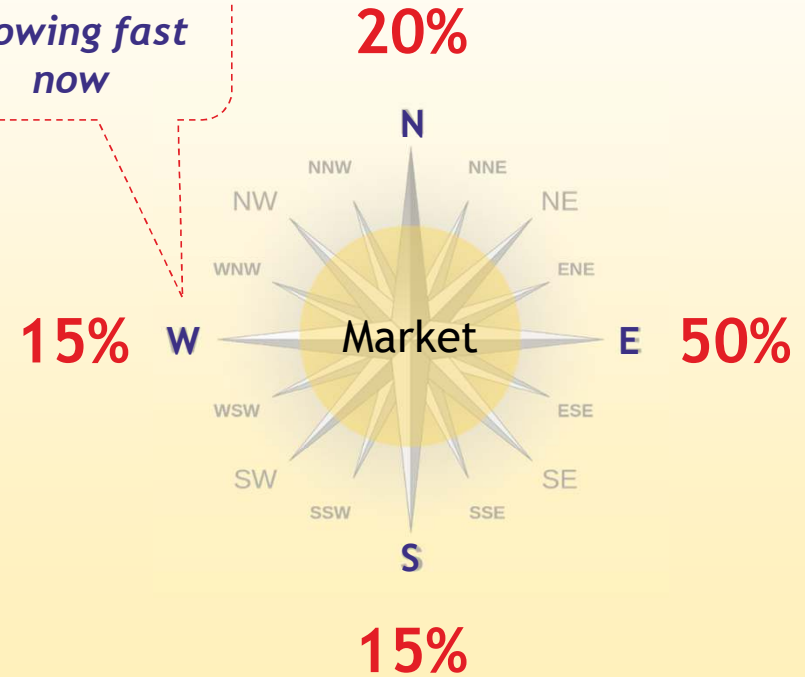


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

Sweet Snacks Industry - Characteristics



West is growing fast now



About Prataap Snacks Ltd.



Prataap Snacks Limited (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 and 4 union territories in India and it is one of the fastest growing companies in the organized snacks industry.

Headquartered in Indore, India; PSL operates 13 manufacturing facilities of which 7 facilities (Indore 1&2, Assam 1&2, Bangaluru, Rajkot and Kolkata) are owned and 6 facilities (Kolkata, Bangaluru (2), Kashipur, Karjat and Hissar) are on contract manufacturing basis. Its distribution network includes more than 240 super stockists and more than 4,300 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

Email: cfo@yellowdiamond.in

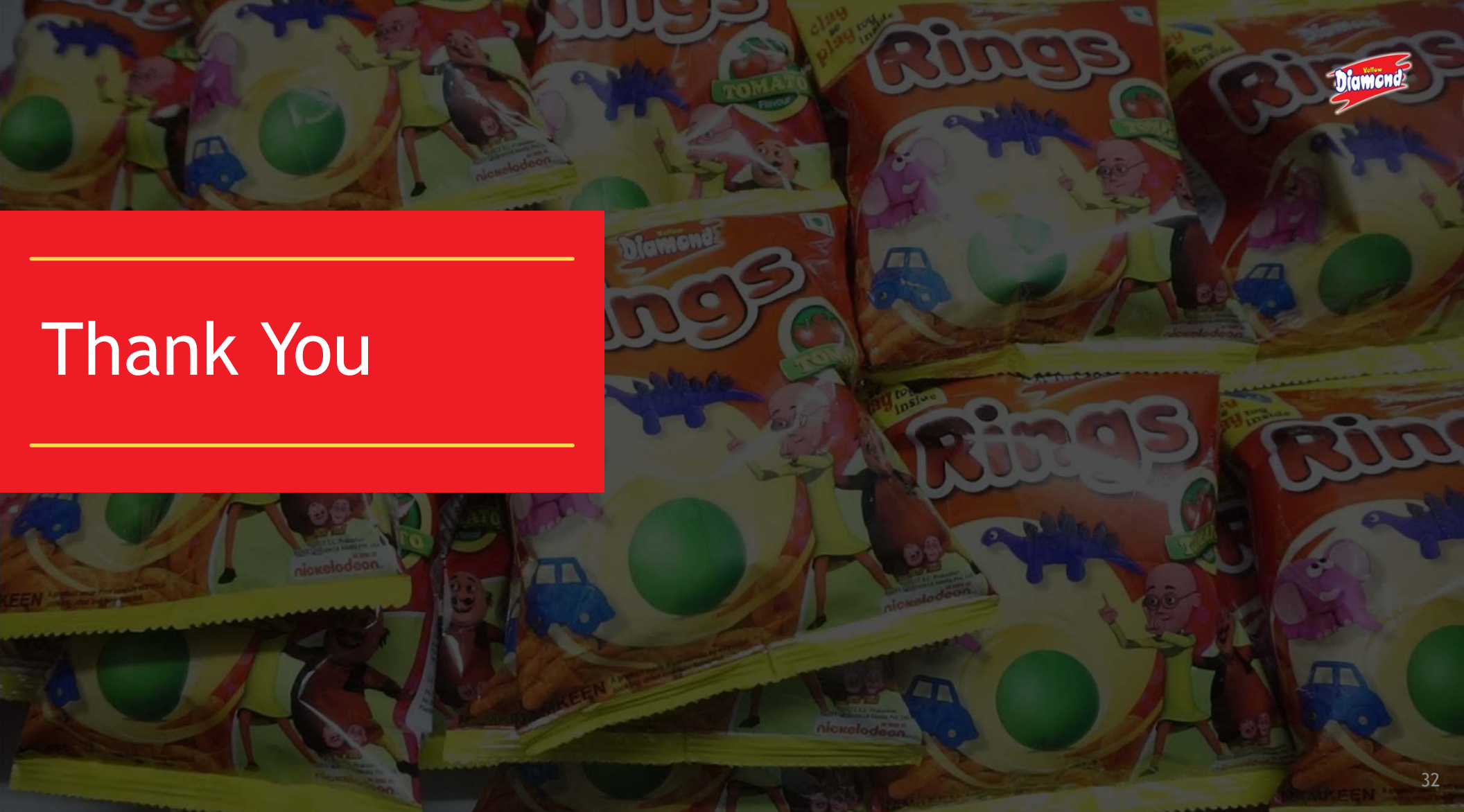
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Thank You
