



PRATAAP SNACKS LIMITED

Q1FY19 - Results Presentation

August-2018





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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Company Overview

Company Snapshot



23%

5 year revenue
CAGR

60+

SKU's

9

Manufacturing
facilities

#1

Market Leader in
Rings

27+

States

235+

Super Stockists

3,800+

Distributors

9.0 MN

Packets sold per
day

Diverse Product Portfolio

Focus On Product Innovation

Pan India Distribution Network

Core Management With Deep Domain Expertise

Strategically Located Manufacturing Facilities



Diverse Product Portfolio

POTATO CHIPS	CHULBULE*	RINGS, KURVES & PUFF*	NAMKEEN*	PELLET SNACKS	NACHOS	YUM-PIE
						
<ul style="list-style-type: none">▪ Potato based snack▪ SKUs: 9 flavors▪ Target group: All	<ul style="list-style-type: none">▪ Rice grit & Corn grit based snack▪ SKUs: 7 flavours▪ Target group: Youth & Children	<ul style="list-style-type: none">▪ Corn grit based snack▪ Market leader in Rings▪ SKUs: 4 flavours▪ Target group: Children	<ul style="list-style-type: none">▪ Gram based#▪ SKUs: 23 varieties▪ Target group: All	<ul style="list-style-type: none">▪ Wheat based▪ SKUs: 2 flavours▪ Target group: Children	<ul style="list-style-type: none">▪ Made from corn tortillas▪ Launched in Q4FY18▪ SKUs: 3 flavours▪ Target group: All	<ul style="list-style-type: none">▪ Cake with Jam & chocolate▪ SKUs: 3 flavours▪ Target group: Children

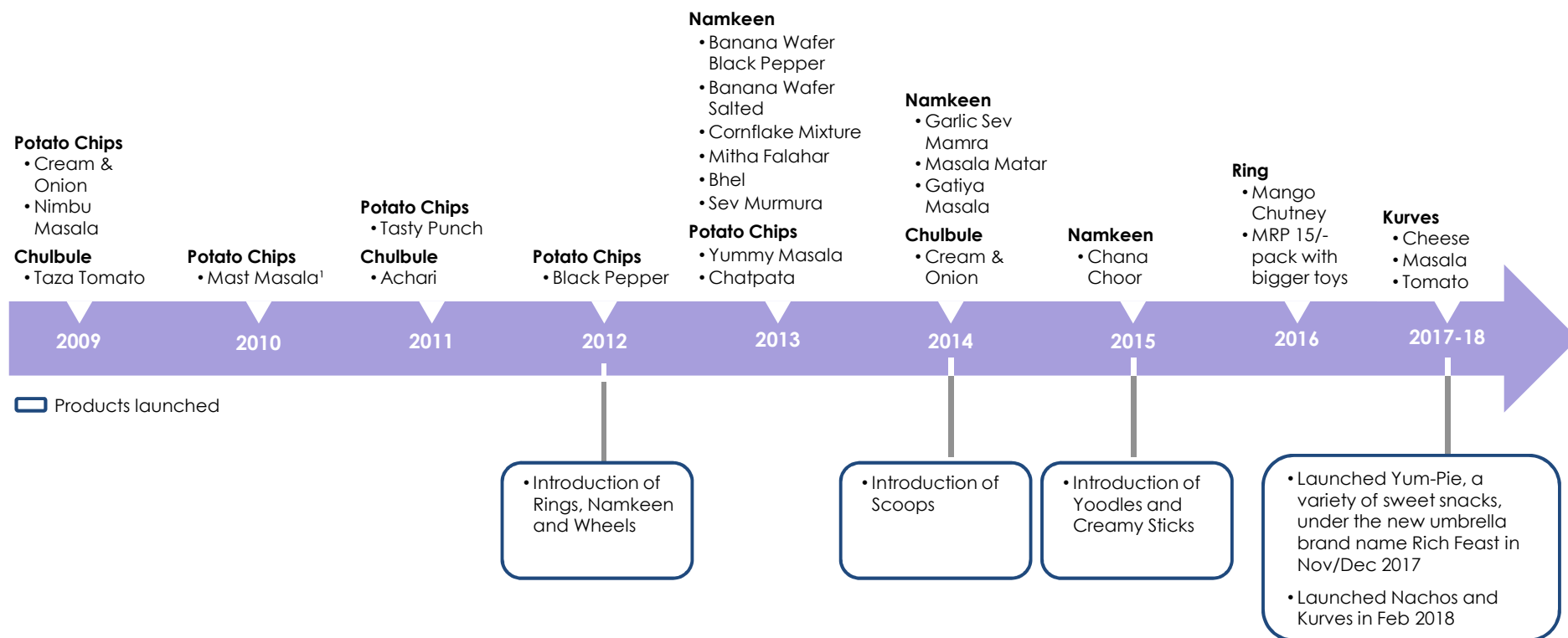
Diverse product portfolio at strategic price points and pack sizes

*Chulbule – Random extruded corn based snack, *Rings, Kurves & Puff – Shaped extruded corn based snacks, *Namkeen – Traditional Indian snacks

Key component is Gram, however, based on the variants, multiple pulses and other condiments might be used



Focus On Product Innovation

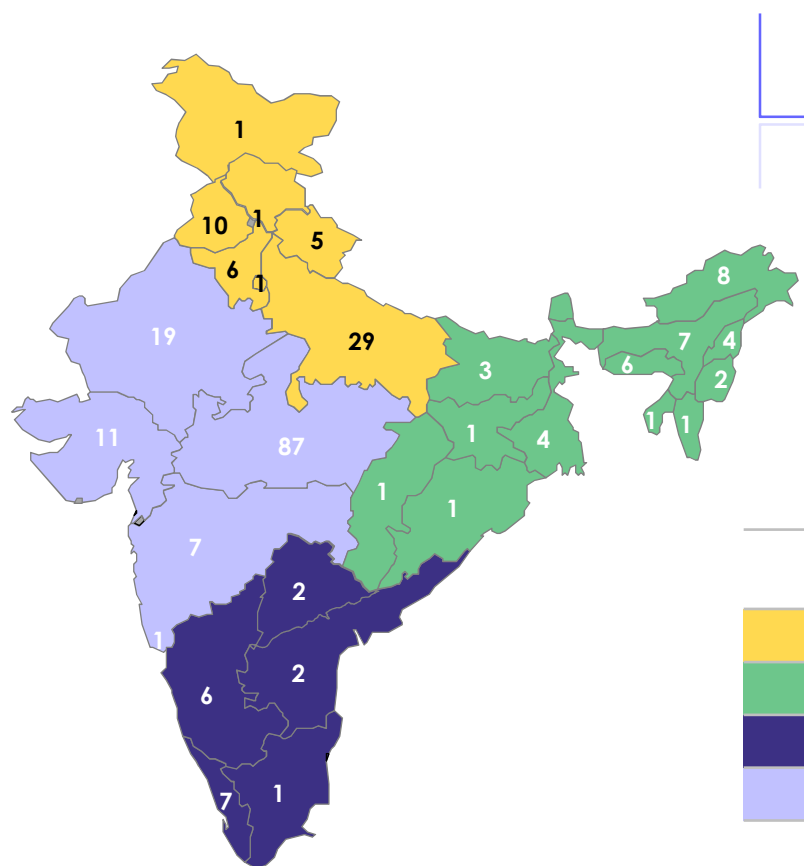


With a series of products and flavours launched over the years, Prataap Snacks has demonstrated the ability to introduce new products, deliver product innovation and redevelop product categories

Note: Data as per fiscal year end (March ending)
 1 Subsequently modified and changed to Chatpata



Pan India Distribution Network



27+

States*

235 +

Super Stockist

3,800+

Distributors

Region	No. of States / UT	No. of Super Stockists
North	7	53
East	12	39
South	5	18
West	5	125

*Includes one Union Territory, Map not to scale

Strategically Located Manufacturing Facilities



Madhya Pradesh



Assam



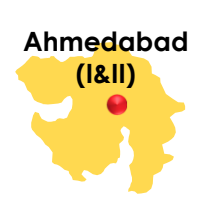
West Bengal



Karnataka



Gujarat



Distribution benefits

- Caters to the Northern and Western Zones
- Well connected between Mumbai and Delhi which are key distribution hubs for North and West zones

Production benefits

- Indore in MP is a key hub for sourcing quality Potatoes

Cost Benefits

- Benefits from attractive reverse logistics trends given that MP is a major consumer state

- Caters to the Eastern Zone
- Guwahati's location benefits from attractive reverse logistic trends
- The manufacturing facilities at Guwahati are eligible for Income Tax exemption

Contract Manufacturing

- 7%-8% business comes from contract manufacturing
- Kolkata – shared contract manufacturing unit for potato chips to cater East India market
- Bangalore – dedicated contract manufacturing unit for Rings and Pellets to cater South India market
- Recently entered into new contracts for third party manufacturing at Ahmedabad, Gujarat, Bengaluru, Karnataka and Kolkata, West Bengal for producing potato chips
- Nachos to be manufactured at Ahmedabad

Own facility

Third party facility

Core Management With Deep Domain Expertise



Corporate functions



Arvind Mehta

Chairman & Executive Director

Over 29 years of experience in real estate business along with over 13 years in the snack foods industry and in the financing business



Amit Kumar

Managing Director & CEO

Over 21 years in Snack foods industry
Earlier with Prakash Snacks and Hello Agro Food Products



Apoorva Kumar

President - Operations

Several years in Snack foods industry.
Earlier with Prakash Snacks and Hello Agro Food Products



Subhashis Basu

COO

Around 26 years in the FMCG sector Earlier with Parle, Pepsico India and Mother Dairy



Sumit Sharma

CFO

14 years in Finance & Accounts
Earlier with Crompton Greaves, L&T-Case

Guided By An Accomplished Board Of Directors



Arvind Mehta

Chairman & Executive Director

Over 29 years of experience in real estate business along with over 13 years in the snack foods industry and in the financing business

Amit Kumar

Managing Director & CEO

Over 21 years in the snacks foods industry

G.V. Ravishankar

Nominee Director (Sequoia)

Over 12 years in management consultancy & PE investments

Previously worked with McKinsey & Company

V.T. Bharadwaj

Nominee Director (Sequoia)

Over 15 years in management consultancy & PE investments

Previously worked with McKinsey & Company

Anisha Motwani

Independent Director

Partner (Storm the Norm Ventures)

Earlier with General Motors India & Max Life Insurance Company

Vineet Kumar Kapila

Independent Director

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

Dr. Om Prakash Manchanda

Independent Director

CEO & Exe. Director (Dr. Lal Pathlabs) & earlier with Hindustan Lever, Ranbaxy Laboratories Limited

Haresh Chawla

Independent Director

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

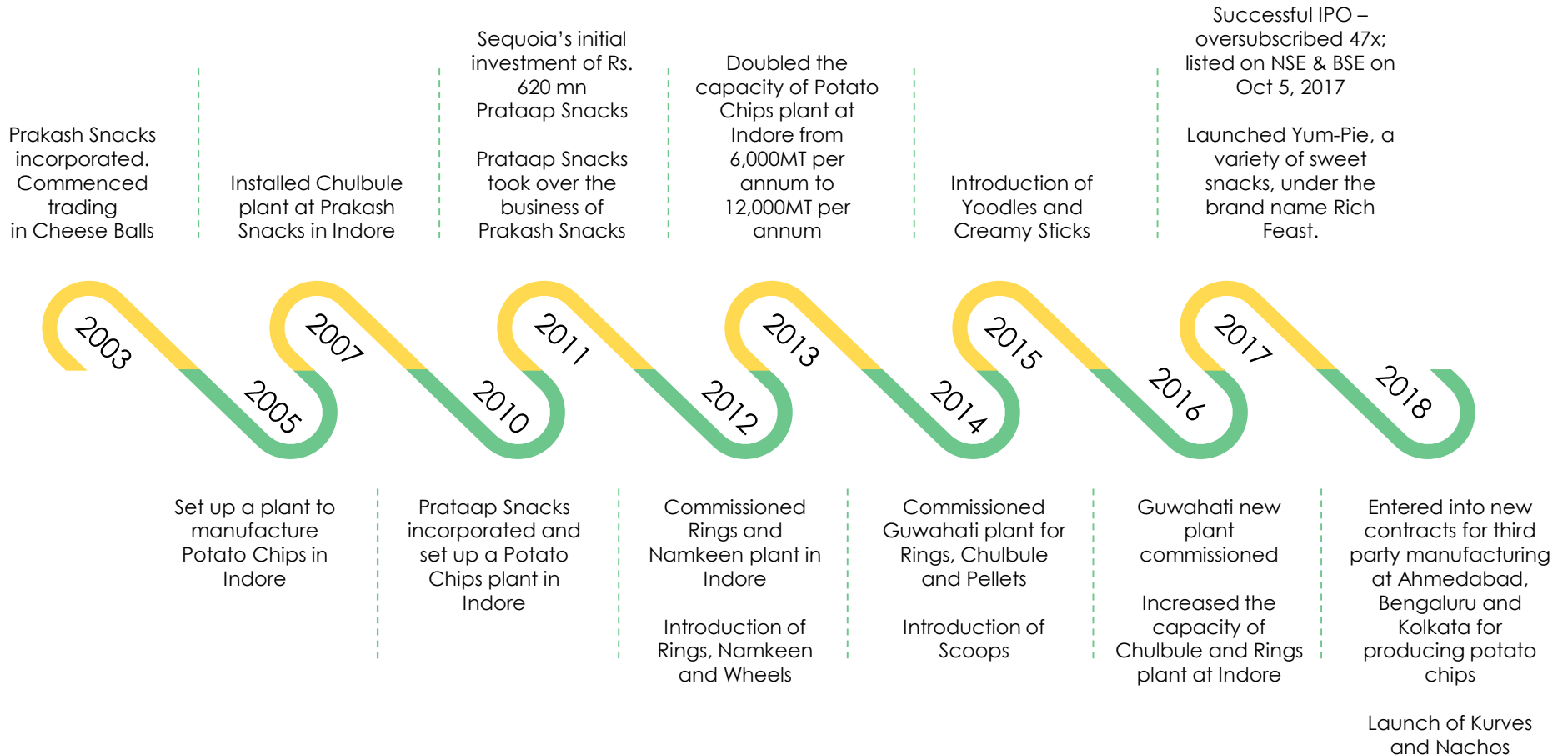
Chetan Kumar Mathur

Additional Director - Independent

30 years of experience in F&B industry, worked with PepsiCo India for 23 years

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

Prataap Snacks' Evolution



Note: Fiscal year ended March



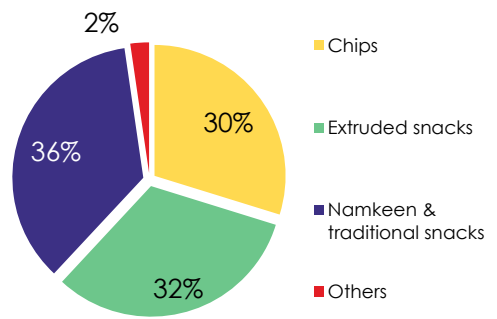
Industry Overview



Trends In The Indian Organised Snacks Market

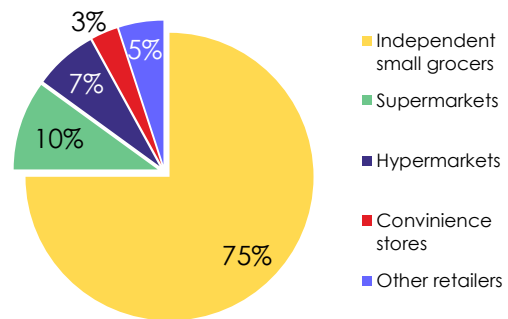
Rs.220 Bn organized snack market, contributes to only ~40% of the Rs.550 Bn total snack market

Category/ product*



- Each of these product segments is relevant and contributes to almost a third of the market

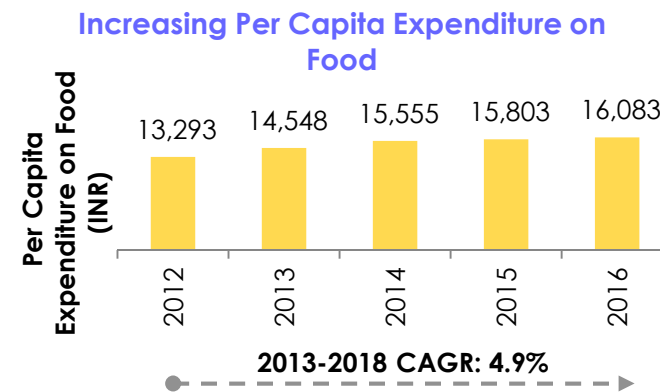
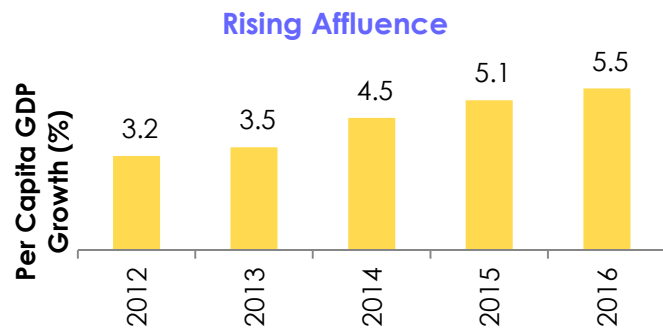
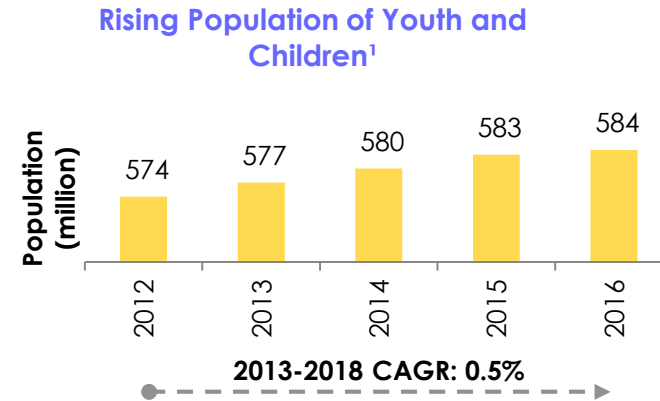
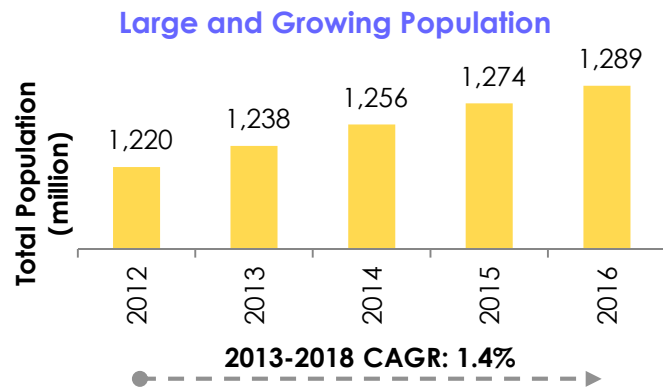
Sales channels*



- Large presence of unorganised small grocery stores and petty shops
- Petty shops usually stock the smallest SKU size product
- Domination of small grocery stores expected to continue for the next 5 to 10 years

Source: F&S report 2017
* As of 2016; please refer the Definitions section in the annexure for the zone definitions

Backed By Strong Demographic Tailwinds in India



Source: EIU, Business Monitor International; data as per calendar year ended December

Note: 1 Includes population aged 5-29 years



Q1FY19 Results Performance

CEO's Message



Commenting on Q1FY19 performance, Mr. Amit Kumar - Managing Director, Prataap Snacks Limited said:

"We have started FY19 on a positive note with revenues growing at 18.6% y-o-y in the first quarter as against growth of 15.5% for Fiscal year 2017-2018. This growth has been on the back of deepening our reach across the Country and additions to the product portfolio. The third party manufacturing tie-ups entered into recently at Ahmedabad, Bengaluru and Kolkata have provided additional production capacity. While we have witnessed pressure on margins due to an abnormal increase in a few key raw materials, we have partially mitigated the impact through volume growth and cost optimization initiatives.

We remain confident that the continued consumption tailwinds and our strong customer value proposition will help the business sustain healthy growth momentum in the year ahead."

Abridged P&L Statement

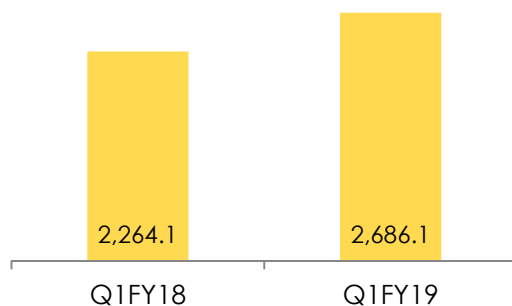


Particulars	Q1FY19	Q1FY18	Y-o-Y Change (%)
Income from Operations	2,686.1	2,264.1	18.6%
Raw Material Cost	1,864.4	1,541.2	21.0%
Gross Profit	821.7	722.9	13.7%
<i>Gross Margins</i>	30.6%	31.9%	(130) Bps
Operating EBITDA	181.0	199.0	(9.0)%
<i>Operating EBITDA Margins</i>	6.7%	8.8%	(210)Bps
Depreciation	76.1	69.9	8.9%
Interest	0.9	10.8	(91.7)%
Profit After Tax	103.9	97.6	6.4%
EPS (Diluted) in Rs.	4.43	4.70	(5.7)%

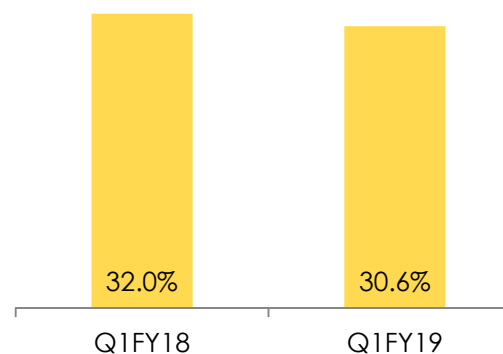


Financials – FY19 Performance

Sales / Income from Operations



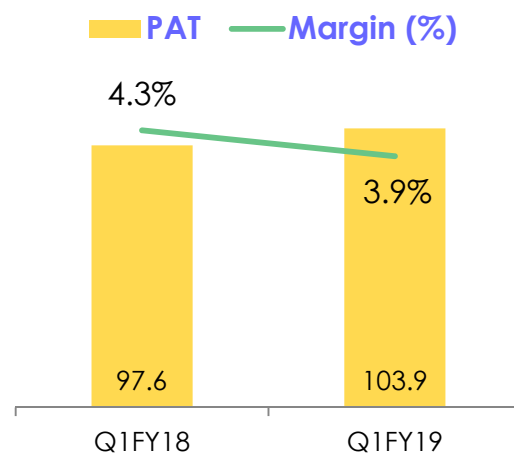
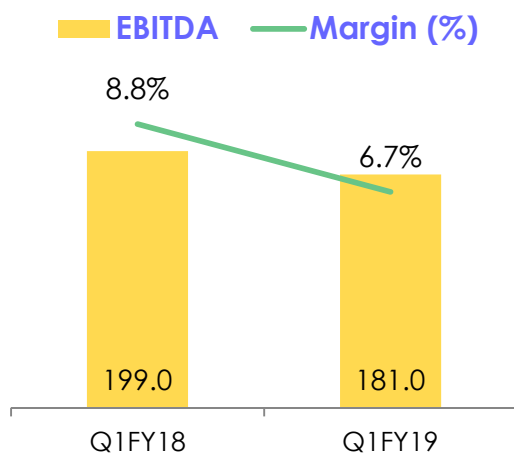
Gross Margin (%)



- Income from operations grew by 18.6% qoq to Rs. 2,686.1 mn
- Gross margins contracted by 130 bps to 30.6% in Q1FY19 due to increase in a few key raw material costs
 - Partially mitigated the impact of margin pressure through volume growth and cost optimization initiatives



Financials – FY19 Performance



- EBITDA for Q1FY19 was lower by 9% qoq at Rs. 181 mn
- PAT grew by 6.4% qoq to Rs. 103.9 mn on account of lower interest cost

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 9 manufacturing facilities of which 3 facilities (Indore, Assam-1 and Assam-2) are owned and 6 facilities (located in Ahmedabad, Kolkata and Bangalore) are on contract manufacturing basis. Its distribution network includes more than 235 super stockists and more than 3,800 distributors allowing it extensive reach across the country. PSL has a wide presence across the country 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 by-lanes 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.

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Thank You