



# PRATAAP SNACKS LIMITED

Q1FY20 - Results Presentation

August 2019





## 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



**21.3%**

5 year revenue CAGR

**100+**

SKU's

**14**

Manufacturing facilities

**#1**

Market Leader in Rings

**27+**

States

**240+**

Super Stockists

**4,100+**

Distributors

**11 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



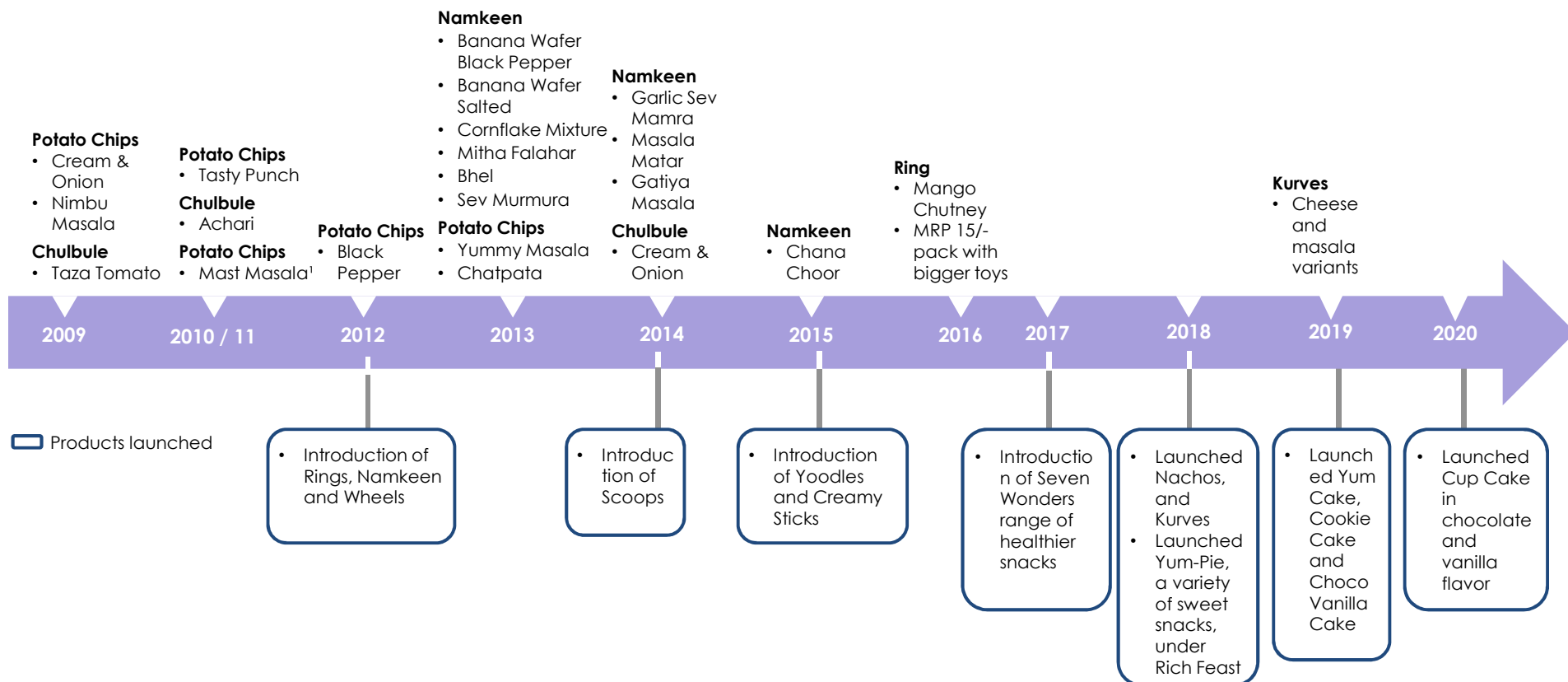
POTATO CHIPS	CHULBULE*	RINGS, KURVES & PUFF*	NAMKEEN*	PELLET SNACKS	YUM CAKE, CUP CAKE, COOKIE CAKE	NAMKEEN & FRYUMS
 <ul style="list-style-type: none"> <li>▪ Potato based snack</li> <li>▪ SKUs: 7 flavors</li> <li>▪ Target group: All</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Rice grit &amp; Corn grit based snack</li> <li>▪ SKUs: 8 flavours</li> <li>▪ Target group: Youth &amp; Children</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Corn grit based snack</li> <li>▪ Market leader in Rings</li> <li>▪ SKUs: 8 flavours</li> <li>▪ Target group: Children</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Gram based#</li> <li>▪ SKUs: 22 varieties</li> <li>▪ Target group: All</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Wheat based</li> <li>▪ SKUs: 4 flavours</li> <li>▪ Target group: Children</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Cake variations with Chocolate fillings</li> <li>▪ SKUs: 6 flavour</li> <li>▪ Target group: Children and Youth</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Namkeen and Fryums catering to local tastes</li> <li>▪ SKUs: 55 varieties</li> <li>▪ Target group: All</li> </ul>

**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



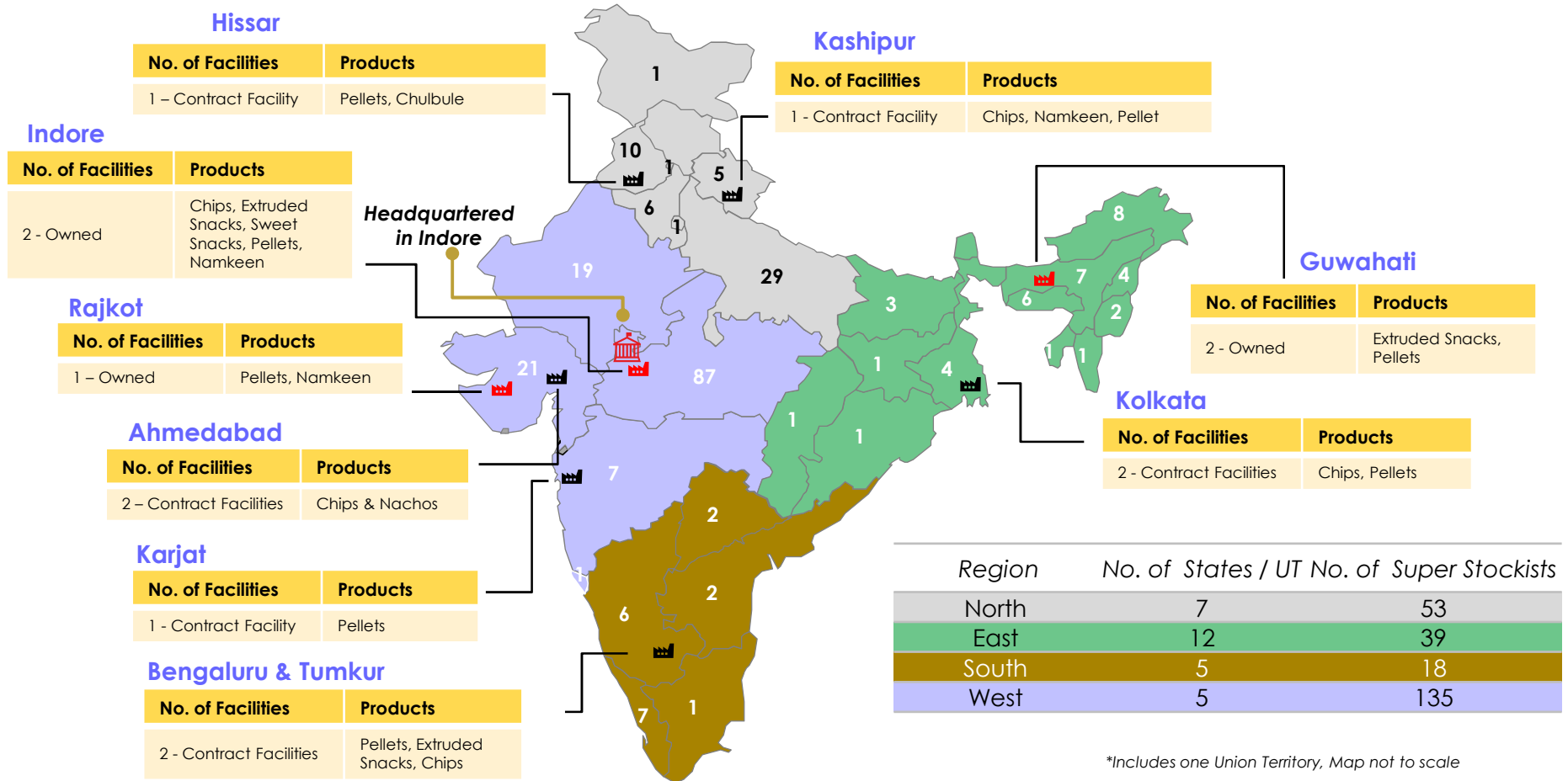
**With a series of products and flavours launched over the years, Prataap Snacks has demonstrated the ability to introduce new products, deliver product innovation and redevelop product categories**

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

# Pan India Presence



Strategically located Manufacturing facilities to cater the regional demand





# Guided By An Accomplished Board Of Directors



## **Arvind Mehta**

*Chairman & Executive Director*

Over 29 years of experience in real estate business along with over 15 years in the snacks food industry and in the financing business

## **Amit Kumat**

*Managing Director & CEO*

Over 22 years in the snacks food industry  
Earlier with Prakash Snacks and Hello Agro Food Products

## **Apoorva Kumat**

*Executive Director (Operations)*

Over 22 years in the snacks food industry  
Earlier with Prakash Snacks and Hello Agro Food Products

## **G.V. Ravishankar**

*Nominee Director (Sequoia)*

Over 12 years in management consultancy & PE investments

Previously worked with McKinsey & Company

## **Vineet Kumar Kapila**

*Independent Director*

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

## **Haresh 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 15 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**

# 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 15 years in the Snacks food industry and in the financing business



### **Amit Kumar**

*Managing Director & CEO*

Over 22 years in Snacks food industry  
Earlier with Prakash Snacks and Hello Agro Food Products



### **Apoorva Kumar**

*Executive Director (Operations)*

Over 22 years in Snacks food 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

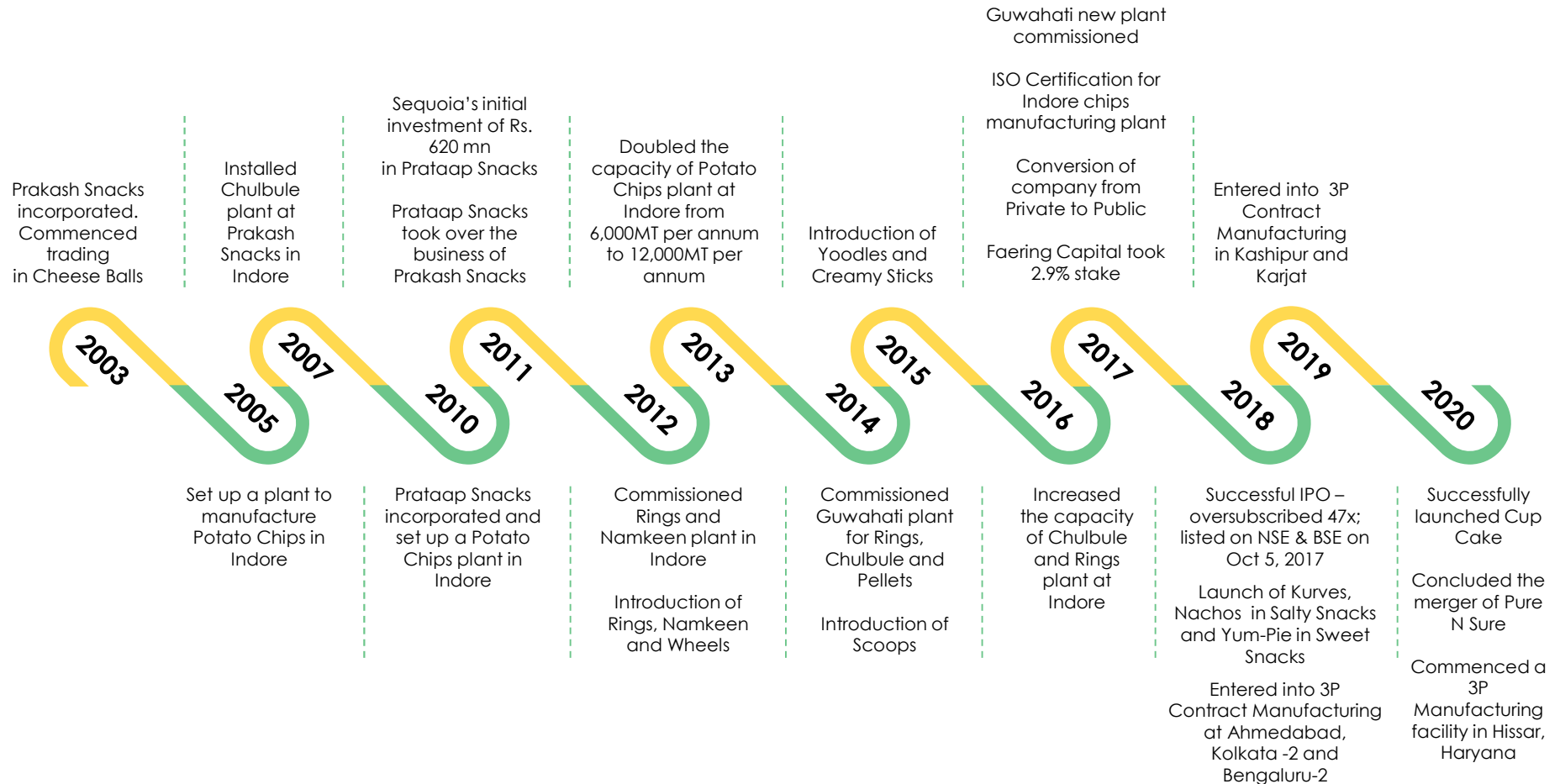


### **Sumit Sharma**

*CFO*

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

# Prataap Snacks' Evolution



Note: Fiscal year ended March



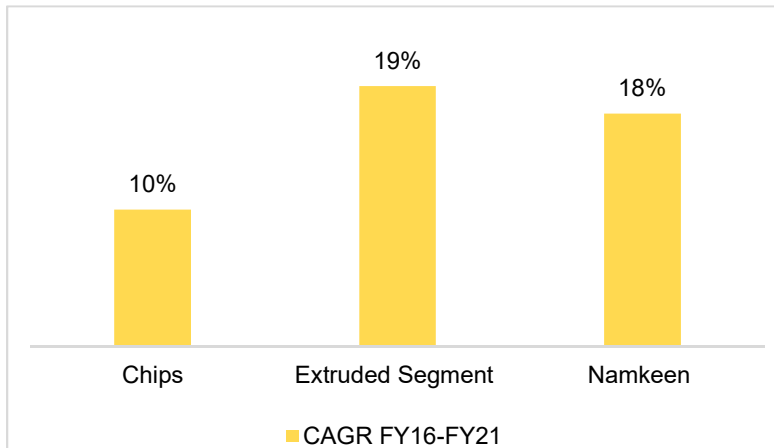
# Industry Overview

# Trends In The Indian Organised Snacks Market



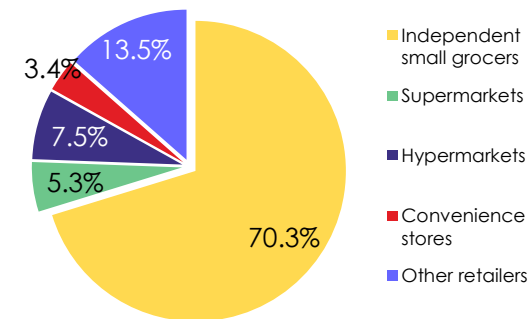
Organized snack market valued at Rs.220 Bn represents only ~40% of Rs.550 Bn total snack market

Organised snacks market to grow at CAGR of 14%



Source: Systematix Research Report March 2019

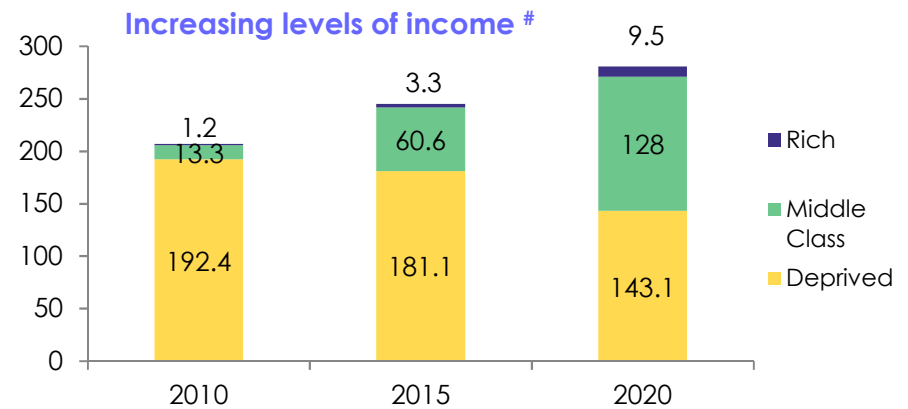
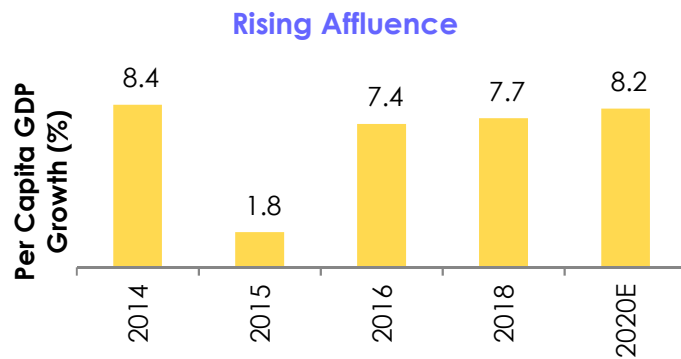
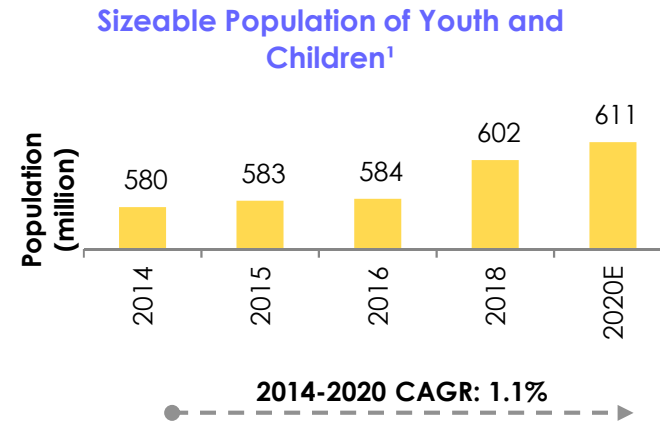
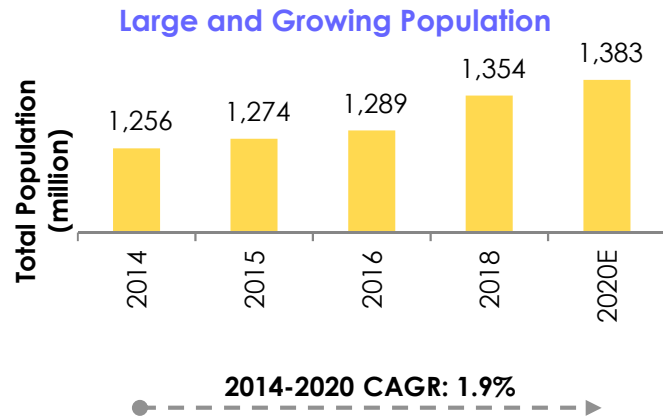
Sales channels



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

Source: Edelweiss PIR Report

# Backed By Strong Demographic Tailwinds in India



Source: EIU, Business Monitor International; data as per calendar year ended December  
 # - McKinsey Global Institute, Census of India projections  
 Note: 1 Includes population aged 5-29 years



# Avadh Snacks

*Maintains growth momentum*



## Avadh Snacks Update

- Avadh Snacks delivered a robust topline performance for the quarter under review
- Continue to expand presence in Gujarat, the biggest salty snacks market in the country and a crucial market for Prataap's growth story
  - Traditional portfolio to use Avadh's distribution synergies to augment its presence in Gujarat
- Prataap Snacks' portfolio has been strengthened by including Avadh Snacks products
  - Product portfolio of Prataap Snacks and Avadh Snacks complement each other with a mix of regional and national flavors & variants across categories
- Avadh Snacks to continue expansion, deeper into its home market and into neighboring states using Prataap's existing distribution platform
  - Additional capacity expected by August end at Rajkot, Gujarat



# Avadh 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:** All



## Avadh Product Portfolio – Fryums



**Key Products:** Tomato Cup, Salted reffil, Masala cup, Chiji Noodles, Salli, White crunchy papd

**Price Point:** Rs. 5, 10,

**SKUs:** 21 varieties

**Target group:** Children



# Q1FY20 Results Performance



## Operational Overview

- In Q1FY20 despite facing a subdued overall consumption demand, PSL delivered a topline growth of 23.2% yoy owing to a healthy traction in salty snacks portfolio and robust growth in Avadh portfolio
- Growth in PAT was led by broad recovery in the Rings segment and better utilizations of capacities
- To leverage on the recovery witnessed in the salty and sweet snacks market PSL launched new products
  - Commissioned a new line for Cup cakes which was launched in chocolate and vanilla variants
  - To launch “Tiffin Cake” in the current quarter
- Concluded the merger procedure of Pure N Sure Foods with the parent Company, which is effective from 1 April 2019
  - This will facilitate better operational efficiency for both, the Company as well its distributors and partners
- Successful execution of decentralized supply chain strategy
  - PSL successfully commenced the manufacture of Chulbule in its Hisar facility and Namkeen snacks in Kashipur facility



## Financial Overview

### In Q1 FY20, PSL reported:

- Revenue of Rs. 3,309.9 million, delivered double digit growth of 23.2% YOY
- Operating EBITDA\* was up by 50.3% YOY to Rs. 272.1 million, with a margin of 8.2%
- PAT\*\* for the quarter stood at Rs. 96.5 million
- EPS (Diluted) was at Rs. 4.12 per share in Q1FY20
- Cash Profits for the quarter were higher by 38.5%, at Rs. 249.4 million as compared to Rs. 180.1 million in Q1FY19

*\*EBITDA for Q1FY20 (without the impact of IND-AS 116) at Rs. 228.0 million higher by 15 bps; EBITDA Margin at 6.9%*

*\*\* Profit After Tax for Q1FY20 (without the impact of IND-AS 116) at Rs 104.9 million*

## MD & CEO's Message



### **Commenting on Q1FY20 performance, Mr. Amit Kumat - Managing Director & CEO, Prataap Snacks Limited said:**

"I am glad to share that we have begun FY20 on a positive note with Topline growth of 23.2% on a y-o-y basis despite the subdued overall consumption demand. This was due to healthy traction in the broader salty snacks portfolio, continued growth in the range of products under the Avadh brand and successful execution of decentralized supply chain strategy. The performance of Avadh continues to be robust during the quarter and additional capacity at Rajkot will come on stream in end-August aiding expansion plans.

During the quarter we undertook several measures to address the issue of capacity constraints and achieve streamlining of operations. Most of our facilities have successfully undergone debottlenecking which aided volumes growth. In addition, we commenced manufacturing of Chulbule at the Hisar facility and Namkeen Snacks at Kashipur. Further, we concluded the process of merger of wholly owned subsidiary Pure 'N' Sure Foods with the Company. This provides a simplified corporate structure and also allows for business efficiencies both for the Company as well as its distributors and partners.

The outlook is encouraging as overall demand which was sluggish for the last 6 months has shown signs of strong recovery. Our strategic choice on capacity additions in salty snacks and new products in sweet snacks, such as Cup Cakes is allowing us to open new market segments. We look forward to strong growth momentum in the ensuing quarters."



## Abridged P&L Statement

Particulars	Q1FY20	Q1FY19	Y-o-Y Change (%)
<b>Income from Operations</b>	3,309.9	2,686.1	23.2%
Raw Material Cost	2,333.5	1,864.5	25.2%
<b>Gross Profit</b>	976.4	821.6	18.9%
<b>Gross Margins</b>	29.5%	30.6%	-109 Bps
<b>Operating EBITDA*</b>	272.1	181.0	50.3%
<b>Operating EBITDA Margins</b>	8.2%	6.7%	+148 Bps
Depreciation	152.8	76.2	100.5%
Interest	20.8	0.9	2,211.1%
<b>Profit After Tax**</b>	96.5	103.9	-7.1%
<b>EPS (Diluted) in Rs.</b>	4.12	4.43	-7.0%

CONSOLIDATED FINANCIALS, IN RS. MILLION EXCEPT AS STATED

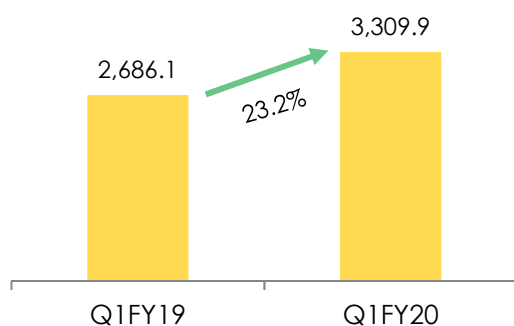
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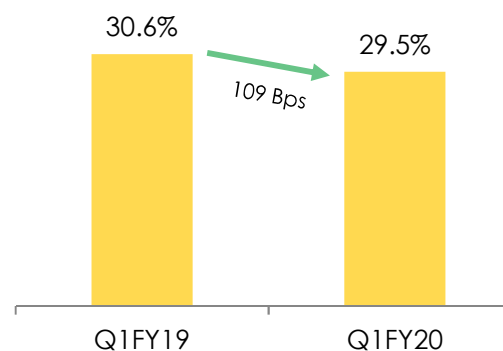


# Financials – Q1FY20 Performance

### Sales / Income from Operations



### Gross Margin (%)



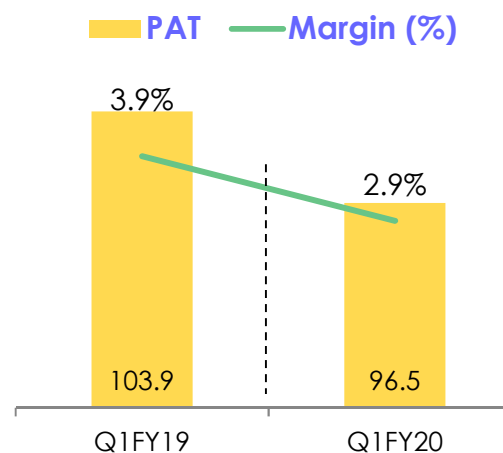
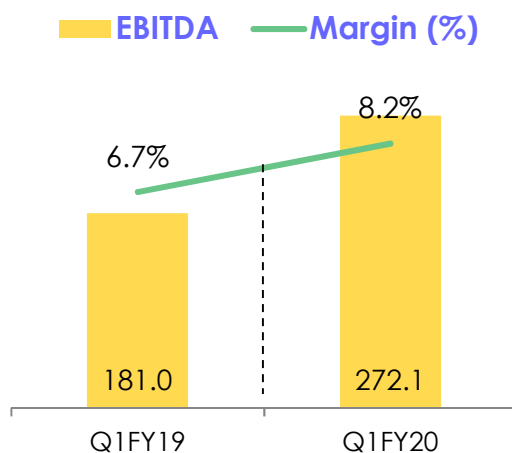
- Income from operations in Q1FY20 grew by 23.2% yoy to Rs. 3,309.9 mn on account of improved volumes in Salty snacks business and robust growth in Avadh portfolio
- Gross margins stood at 29.5% in Q1FY20 due to impact from increase in key raw material prices and Avadh consolidation

CONSOLIDATED FINANCIALS, IN RS. MILLION





# Financials – Q1FY20 Performance



- EBITDA\* grew by 50.3% yoy to Rs. 272.1 mn
- PAT\*\* stood at Rs. 96.5 mn for Q1FY20
  - Depreciation was enhanced on account of intangible assets created upon acquisition of Avadh Snacks

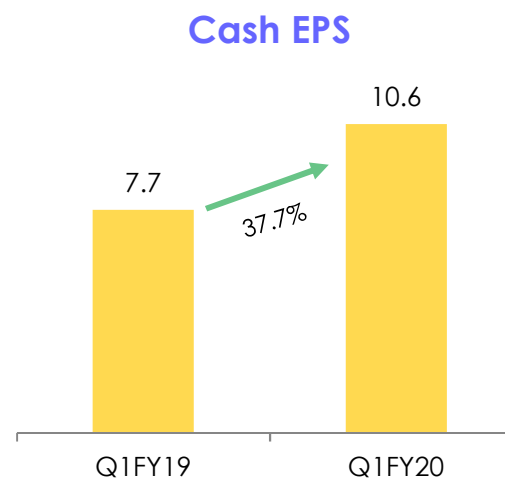
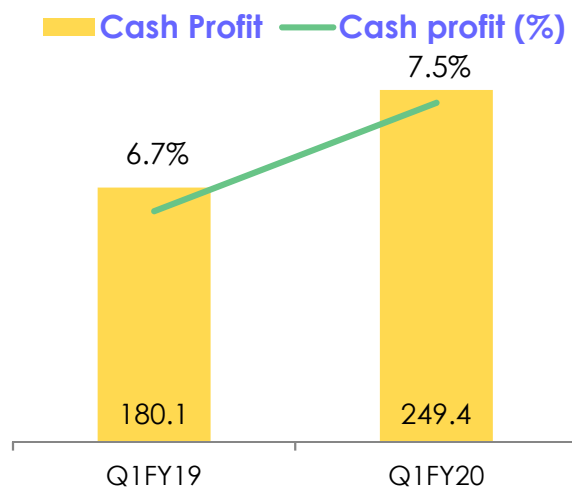
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\*\* Profit After Tax for Q1FY20 (without the impact of IND-AS 116) at Rs 104.9 million

CONSOLIDATED FINANCIALS, IN RS. MILLION



# Financials – Q1FY20 Performance



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



## Impact of AS 116 on the Q1FY20 results

- The Company has adopted Ind AS 116 Leases using modified retrospective approach under which the cumulative effect of initial application is recognized as at 1 April 2019 and does not require restatement of comparative information
  - Consequently, operating lease and job work charges have changed from other expenses and cost of materials consumed to depreciation expenses and finance costs
- EBITDA for Q1FY20 (without the impact of IND-AS 116) at Rs. 228.0 million higher by 15 bps; EBITDA Margin at 6.9%
- Profit After Tax for Q1FY20 (without the impact of IND-AS 116) at Rs 104.9 million

# Synergies from merger of Pure N Sure with Company



During the quarter, PSL successfully concluded the merger of Pure N Sure Foods with the Company

There are several synergies which the Company will enjoy from the merger

- Simpler corporate structure will aid in efficient management
- Facilitate better operational efficiencies for both, the Company, its distributors and partners
- Better overall cash flow management
- Single entity to help efficient tax management at overall level



## Avadh Snacks - Accounting

- The company completed the acquisition of Avadh Snacks Private Limited in Q3FY19
- The Company has accounted for the business combination as at the acquisition date in accordance with para 45 of Ind AS 103 'Business Combinations' in Q3FY19
- As per IndAS38, the Intangible Assets (other than Goodwill) are being amortized over a period of 20 years
- A proportionate amount has been charged to the statement of profit and loss for Q1FY20 under the head depreciation and amortization expenses
  - A lateral benefit has been contained tax outflow

## 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, Indore2, Assam-1, Assam-2 and Gujarat) are owned and 9 facilities (located in Ahmedabad, Kolkata 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 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 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.

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[karl@cdr-india.com](mailto:karl@cdr-india.com)



Thank You