

PRATAAP SNACKS LIMITED

Q2 & H1 FY20 - Results Presentation



November 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.



Contents



Company Overview

4

Industry Overview

17

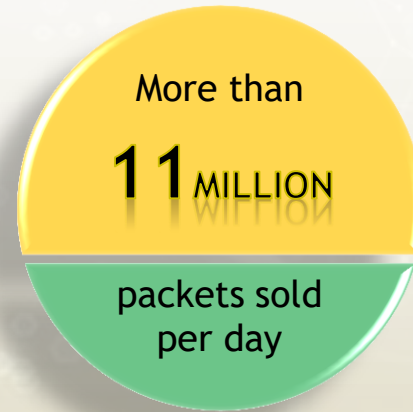
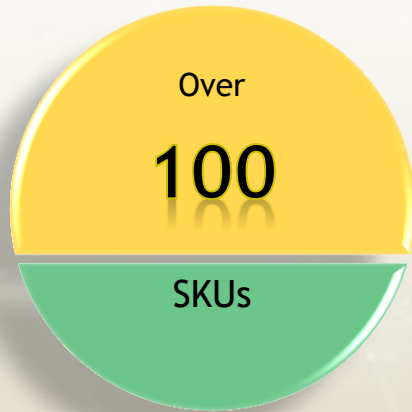
Q2 & H1 FY'20 Results Performance

21



Company Overview

Prataap Snacks at a Glance



**(5 Inhouse plants and 9 contract manufacturing units)*

Diverse Product Portfolio



POTATO CHIPS

- Potato based snack
- SKUs: 7 flavors
- Target group: All



CHULBULE

- Rice grit & Corn grit based snack
- SKUs: 8 flavours
- Target group: Youth & Children



RINGS, KURVES & PUFF

- Corn grit based snack
- Market leader in Rings
- SKUs: 8 flavours
- Target group: Children



NAMKEEN

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



PELLET SNACKS

- Wheat based
- SKUs: 4 flavours
- Target group: Children



YUM CAKE, CUP CAKE, COOKIE CAKE

- Cake variations with Chocolate fillings
- SKUs: 4 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



25.1% revenue CAGR over the past 3 years



Avadh Snacks delivered a robust topline performance for H1 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

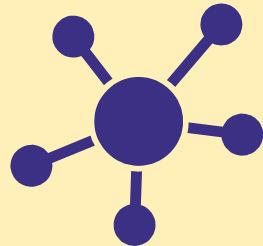


Avadh has a Unique Business model

- 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

Increasing capacity of Rajkot facility by 50%.

Expected to be commissioned in Q3 FY'20

Pan India expansion using Prataap's existing distribution

To expand Avadh's products in neighboring markets initially

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

- Chunk Cake with fruit cuts



Layer Cake

- Layer of Sponge cake with filling

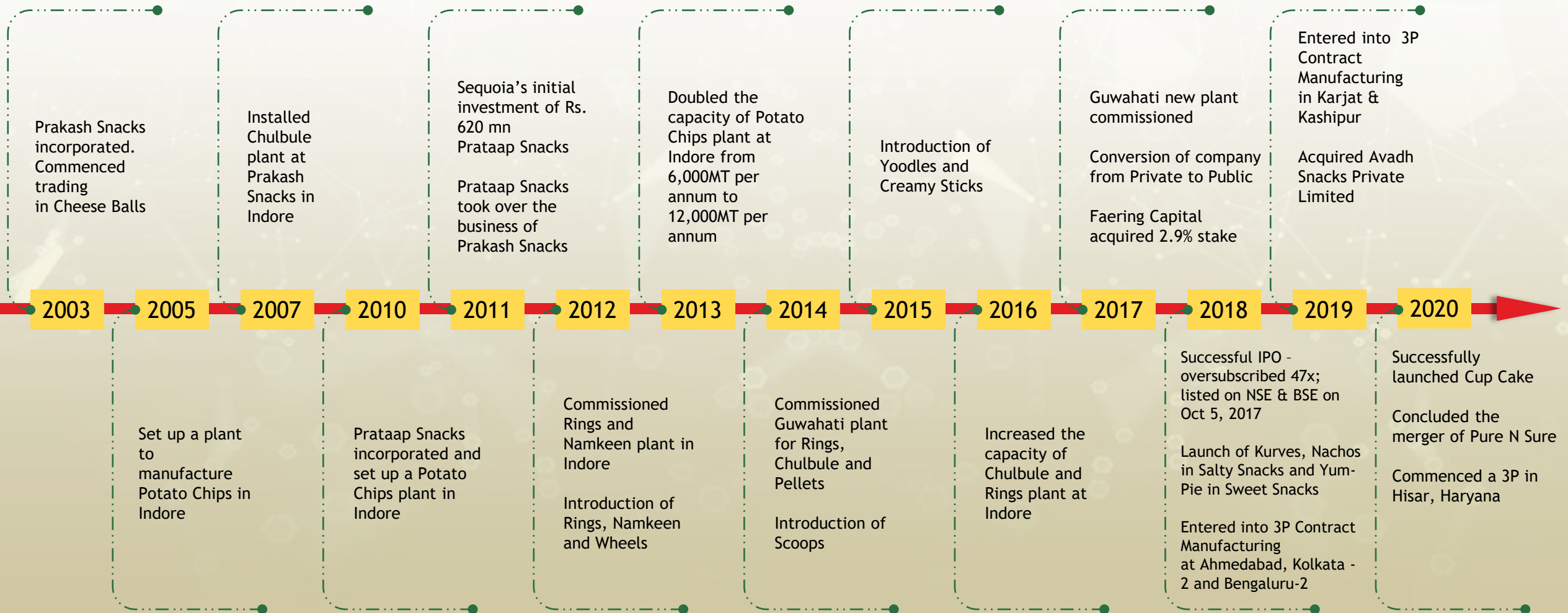
Products to be launched in Q3 FY'20

Diverse product portfolio at strategic price points and pack sizes

Track Record of Innovation



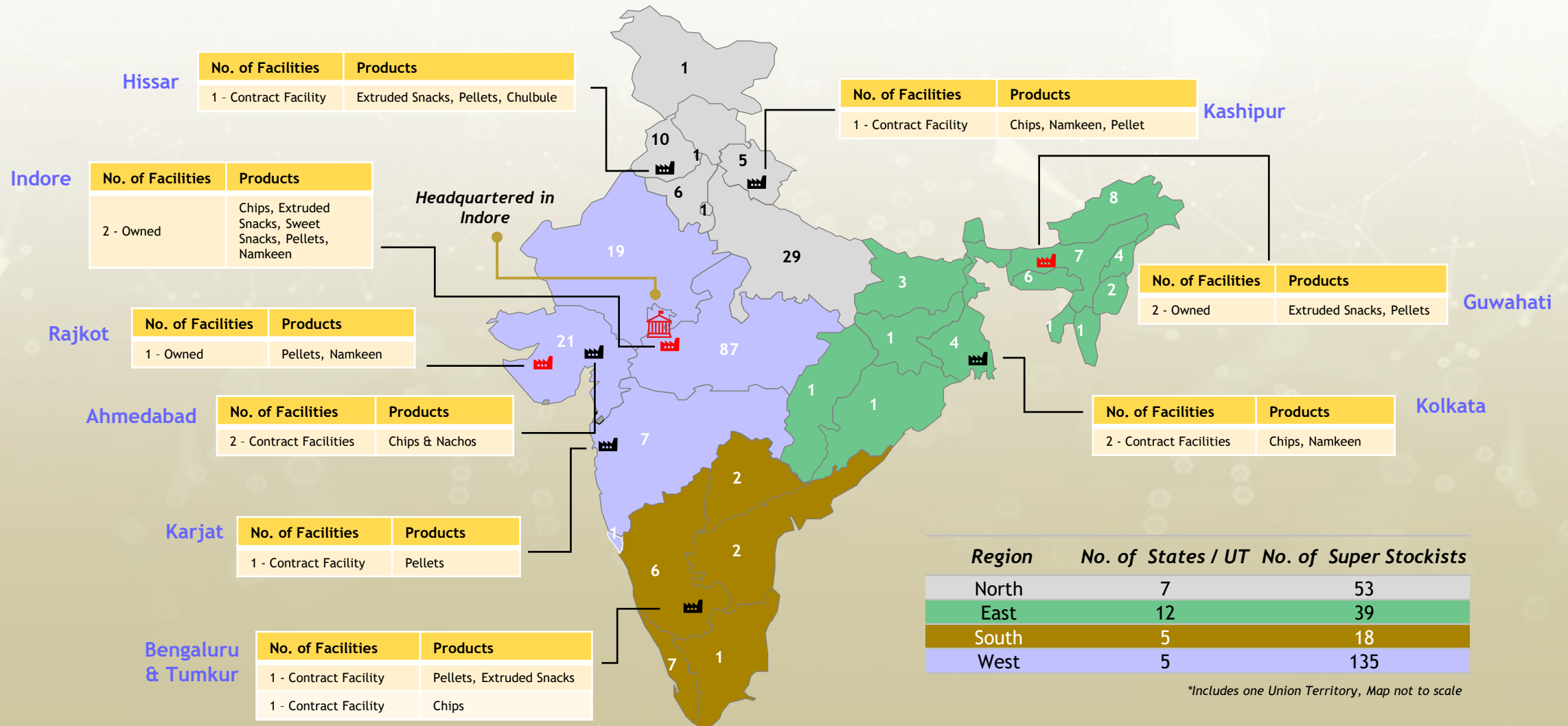
Key Milestones



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
2 - Contract Facilities	Chips & Nachos

Karjat

No. of Facilities	Products
1 - Contract Facility	Pellets

Bengaluru & Tumkur

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

Guided by an Accomplished Board



Arvind Mehta

Chairman & Executive Director

Over 30 years of experience in real estate business along with over 16 years in the snacks food industry and in the financing business



Amit Kumar

Managing Director & CEO

Managing Director and Chief Executive Officer
Over 23 years in the snacks food industry



Apoorva Kumart

Executive Director (Operations)

Over 23 years of experience in the snacks food industry



G.V. Ravishankar

Non-Executive / Non-Independent Director MD (Sequoia Capital)

Over 18 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)
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 18 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 30 years of experience in real estate business along with over 16 years in the snacks food industry and in the financing business



Mr. Amit Kumat
Managing Director and Chief Executive Officer

Over 23 years in the snacks food industry



Mr. Apoorva Kumat
Executive Director

Over 23 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 17 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 27 years of experience in the FMCG industry and worked with Parle, PepsiCo India and Mother Dairy



Mr. Subhash Bhatt
Vice President - Production

He holds bachelor degree in Technology. He has over 23 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



Mr. Deepak Brahme
Vice President - Production

He holds bachelor degree in Science. He has over 23 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 31 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 31 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 22 years of experience in the FMCG industry and worked with Parke-Davis, BPL Synergy and Candico



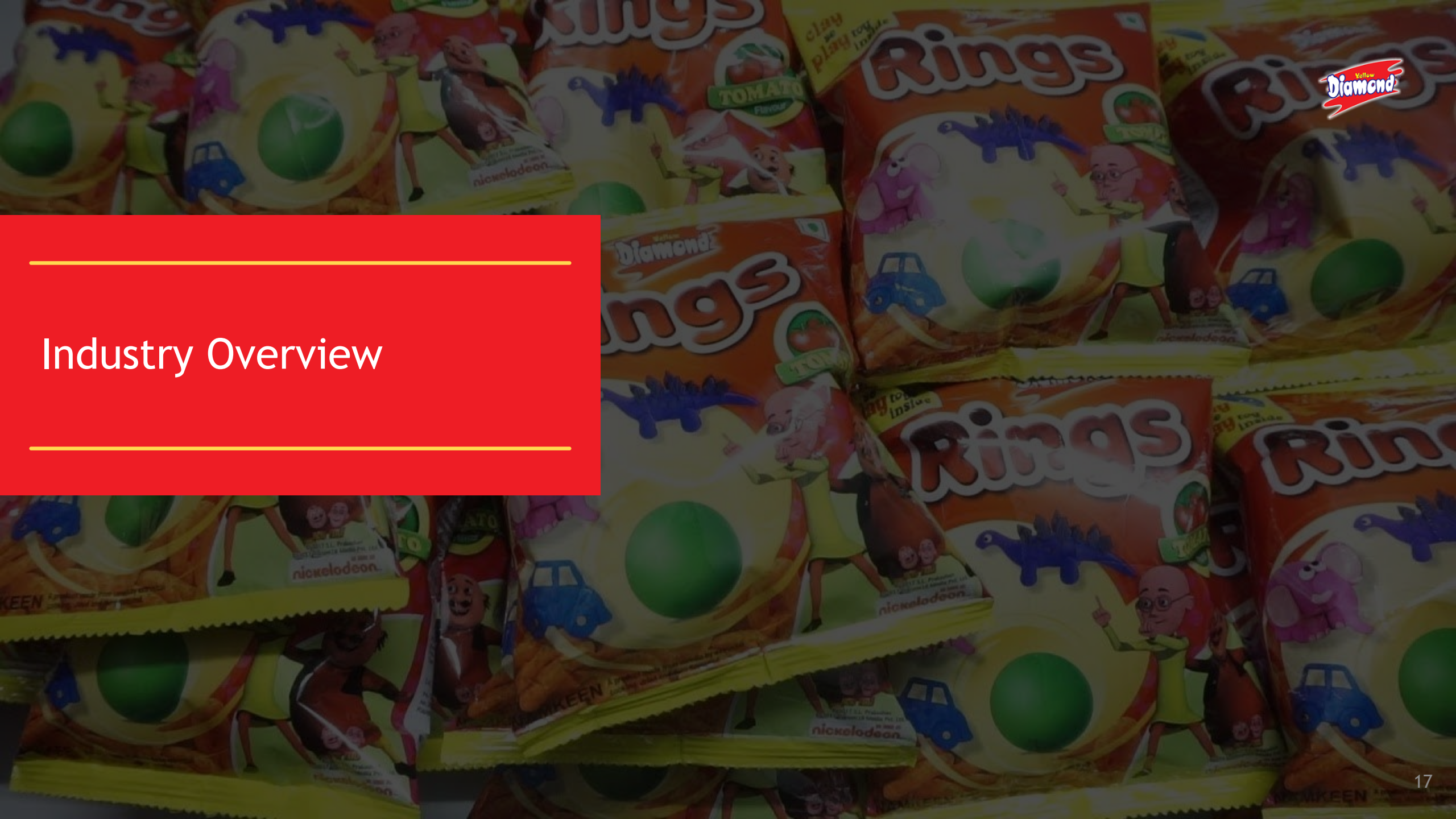
Mr. D.V. Praveen Kumar
General Manager Sales - South

He holds bachelor degree in Commerce. He has over 31 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 12 years of experience in corporate laws and secretarial matters and worked with NSE, Great Offshore, Avantika Gas and Universal Cables

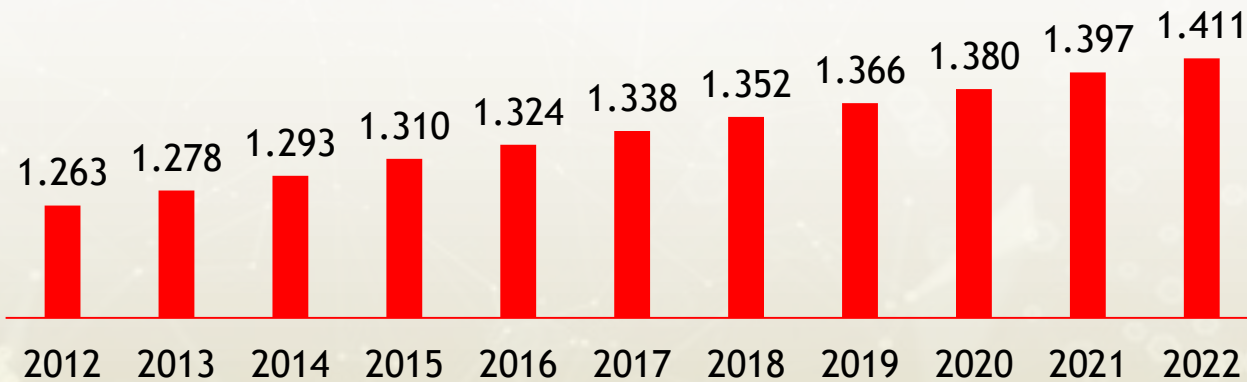


Industry Overview

Favourable demographics supporting Industry growth

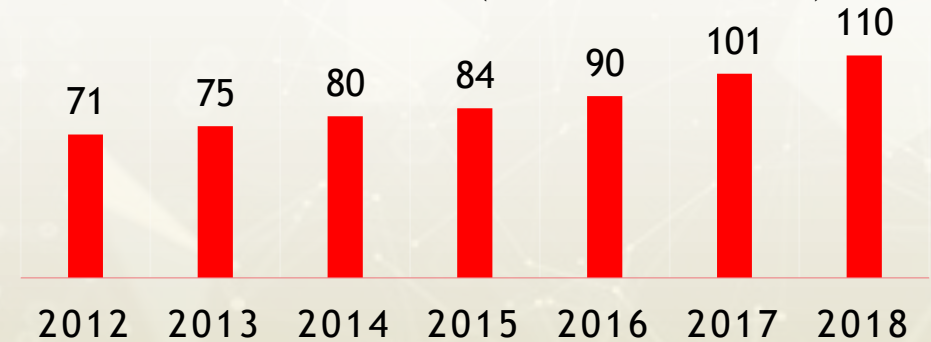


POPULATION TREND (BILLIONS)



Source: World Population Review

INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



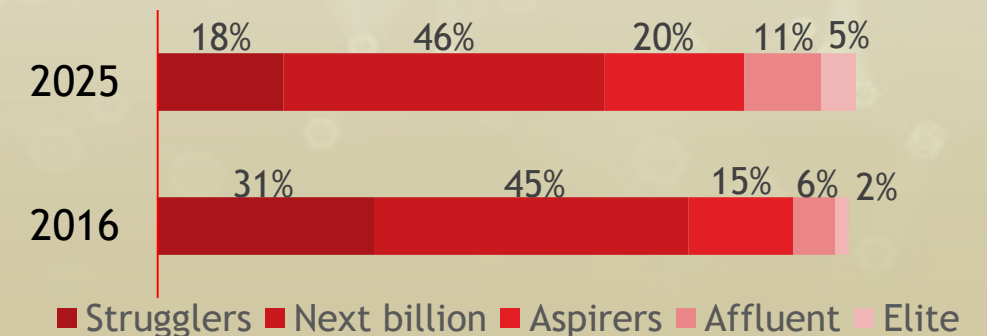
Source: World Bank, IMF, OECD, CIA World Factbook, BCG Group

GDP PER CAPITA AT CURRENT PRICES (US\$)



Source: IBEF - May 2019

RISING AFFLUENCE AND DISPOSABLE INCOME

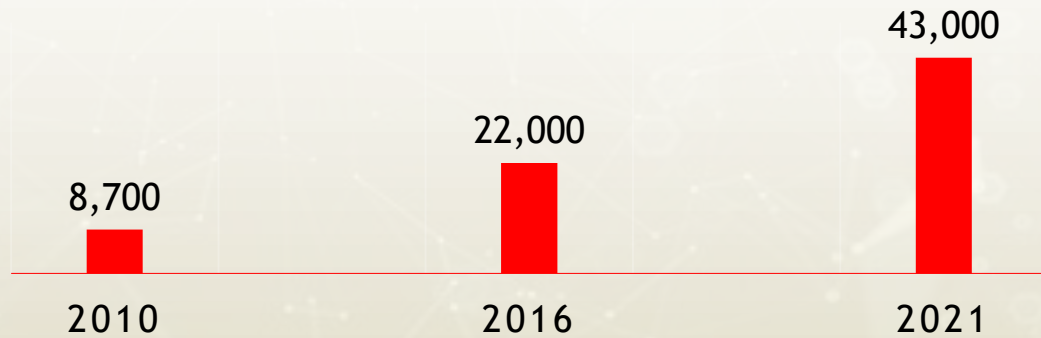


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

Salty Snacks - poised for strong growth

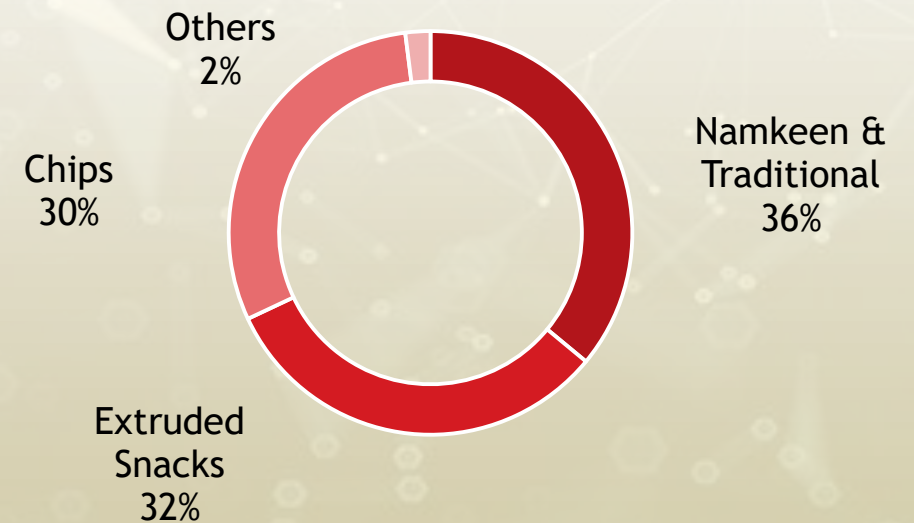


ORGANISED MARKET TO GROW AT A CAGR OF 14.3% OVER 5 YEARS



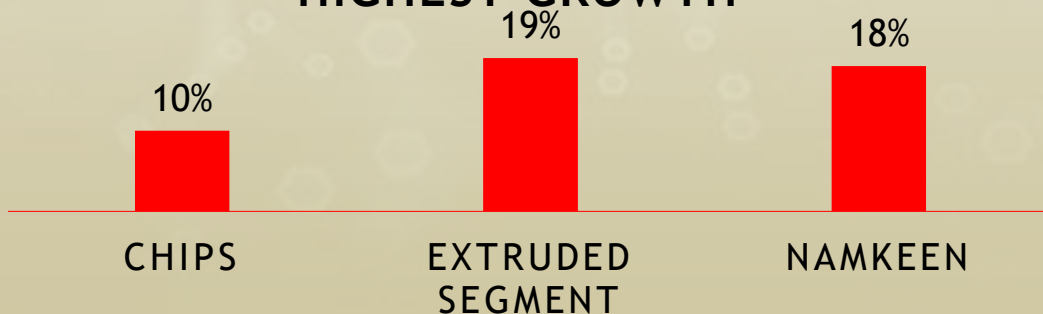
Source: Systematix Research Report March 2019

ORGANISED SNACK MARKET BY TYPE OF CATEGORIES



Source: Systematix Research Report March 2019

EXTRUDED SNACKS TO POST THE HIGHEST GROWTH*



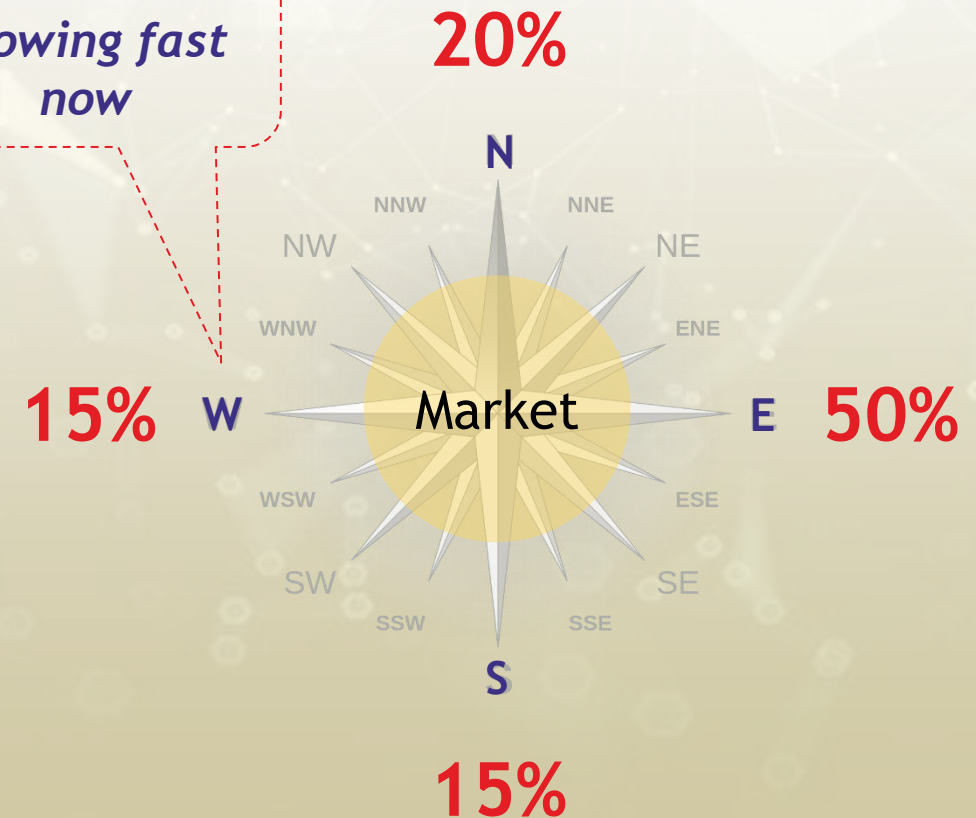
Source: Systematix Research Report March 2019

*CAGR FY16-FY21

Sweet Snacks Industry - Size, Growth, Key Players



West is growing fast now



Q2 & H1 FY'20 Results Performance



Operational Overview



- In Q2 FY'20, PSL delivered a topline growth of 35.1% owing to focused marketing initiatives, new 3P manufacturing facilities, continued network expansion and Avadh portfolio
- Highly encouraging response to new product launch - Center Filled Cup Cake in Sweet Snacks segment
- Ramped-up the manufacture of Chulbule in its Hisar facility
- Contribution of 3P manufacturing facility in sales increased from 11.3% in Q2 FY'19 to 18.3% in Q2 FY'20
- Improved net working capital cycle from 26 days as on 31 March 2019 to 8 days as on 30 September 2019
 - This was achieved through reduction in inventory level and improvement in credit period from suppliers

In Q2 FY'20, PSL reported:

- Revenue of Rs. 3,880.0 million, delivered double digit growth of 35.1% yoy
- Operating EBITDA of Rs. 311.5 million, translating to a margin of 8.0%
- Adjusted EBITDA (after adjustment for stock based compensation, CSR cost & impact of Ind AS 116) of Rs. 278.7 million, translating to a margin of 7.2%
- PAT stood at Rs. 119.9 million at a margin of 3.1%
- EPS (Diluted) was at Rs. 5.11 per share in Q2 FY'20

In H1 FY'20, PSL reported:

- Total revenue of Rs. 7,190.0 million, higher by 29.4% yoy
- Operating EBITDA of Rs. 583.6 million, translating to a margin of 8.1%
- Adjusted EBITDA (after adjustment for share based compensation, CSR cost & impact of Ind AS 116) of Rs. 506.7 million , translating to a margin of 7.0%
- PAT of Rs. 216.4 million at a margin of 3.0%
- EPS (Diluted) was Rs. 9.23 per share in H1 FY'20



Commenting on Q2 FY'20 performance, Mr. Amit Kumat - Managing Director & CEO, Prataap Snacks Limited said:

“The Yellow Diamond portfolio has delivered healthy top line growth across all categories on the back of continued network expansion, new 3P manufacturing facilities and focused marketing initiatives. We are pleased to return to robust double-digit growth this quarter as we reported revenue growth of 35.1% in the backdrop of slowing demand and consumption. This has been enhanced by strong growth from the sweet snacks segment and the Avadh portfolio.

Margin performance has been achieved through a combination of raw material cost management, optimising product mix as well as economies of scale.

In the next quarter, we expect short-term headwinds due to challenges in the potato crops, driven by continued unseasonal rains. We are working to minimise the impact through other product initiatives.”

Abridged P&L Statement

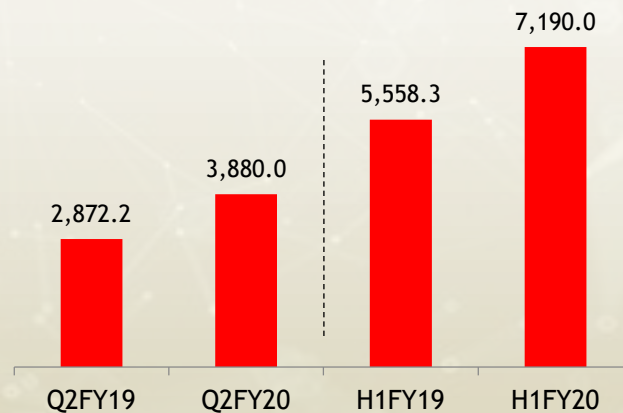


Particulars	Q2 FY'20	Q2 FY'19	Y-o-Y Change (%)	H1 FY'20	H1 FY'19	Y-o-Y Change (%)
Income from Operations	3,880.0	2,872.2	35.1%	7,190.0	5,558.3	29.4%
Raw Material Cost	2,718.5	1,968.2	38.1%	5,052.0	3,832.7	31.8%
Gross Profit	1,161.6	904.0	28.5%	2,138.0	1,725.7	23.9%
Gross Margins	29.9%	31.5%	-160 BPS	29.7%	31.0%	-130 BPS
EBITDA	311.5	207.6	50.0%	583.6	388.6	50.2%
EBITDA Margins	8.0%	7.2%	80.0 BPS	8.1%	7.00%	110 BPS
Depreciation	158.1	79.0	100.1%	310.9	155.1	100.5%
Interest	20.7	0.89	2225.8%	41.5	1.8	2205.6%
Profit After Tax	119.9	112.6	6.5%	216.4	216.5	-
EPS (Diluted) in Rs.	5.11	4.80	-	9.23	9.23	-

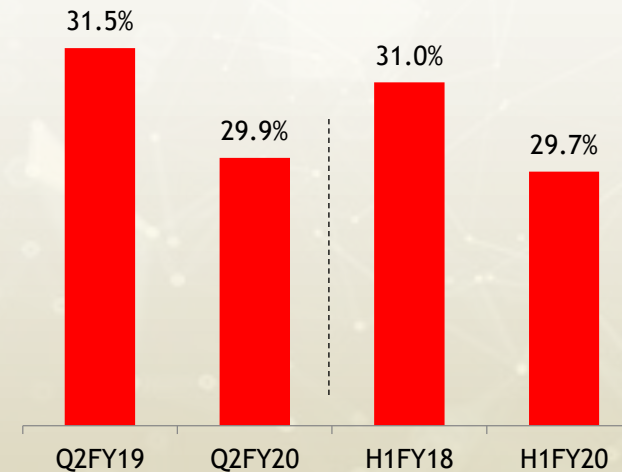
Financials - Q2 & H1 FY'20 Performance



SALES / INCOME FROM OPERATIONS



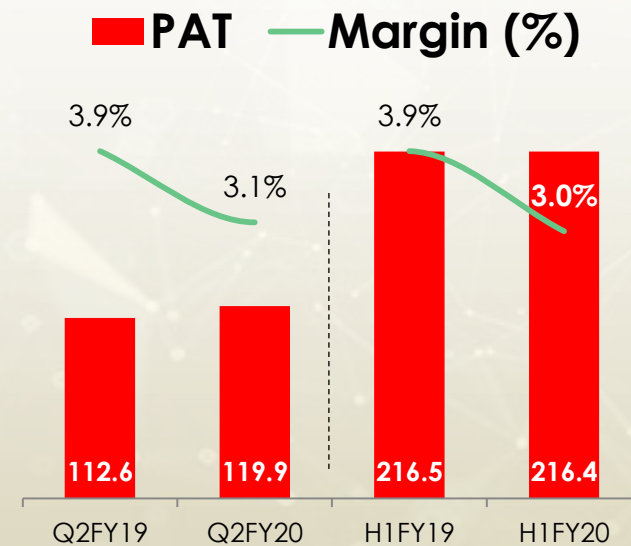
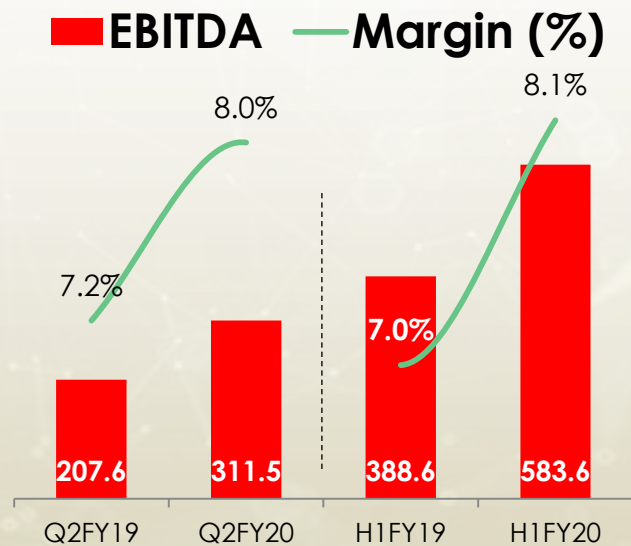
Gross Margin (%)



- Income from operations in Q2 FY'20 grew by 35.1% yoy to Rs. 3,880 mn & in H1 FY'20 it was Rs. 7,190 mn higher by 29.4% yoy
- Gross margins contracted by 160 Bps to 29.9% in Q2 FY'20 due to Avadh consolidation
 - Partially mitigated the impact of RM inflation through cost optimization initiatives and product mix

CONSOLIDATED FINANCIALS, IN RS. MILLION

Financials - Q2 & H1 FY'20 Performance



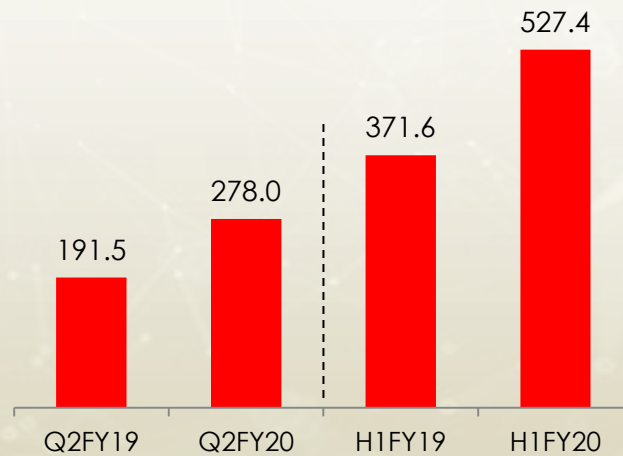
- EBITDA for Q2 FY'20 was higher by 50% yoy at Rs. 311.5 mn , whereas the EBITDA for H1 FY'20 up by 50%, at Rs. 583.6 mn
- PAT for Q2 FY'20 higher by 6.5% yoy to Rs. 119.9 mn despite absorbing the additional depreciation on assets acquired in Avadh acquisition as well as net impact of Ind AS 116

CONSOLIDATED FINANCIALS, IN RS. MILLION

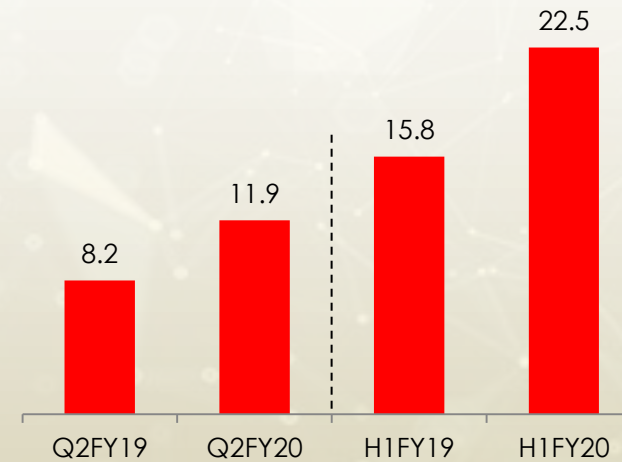
Financials - Q2 & H1 FY'20 Performance



Cash Profits



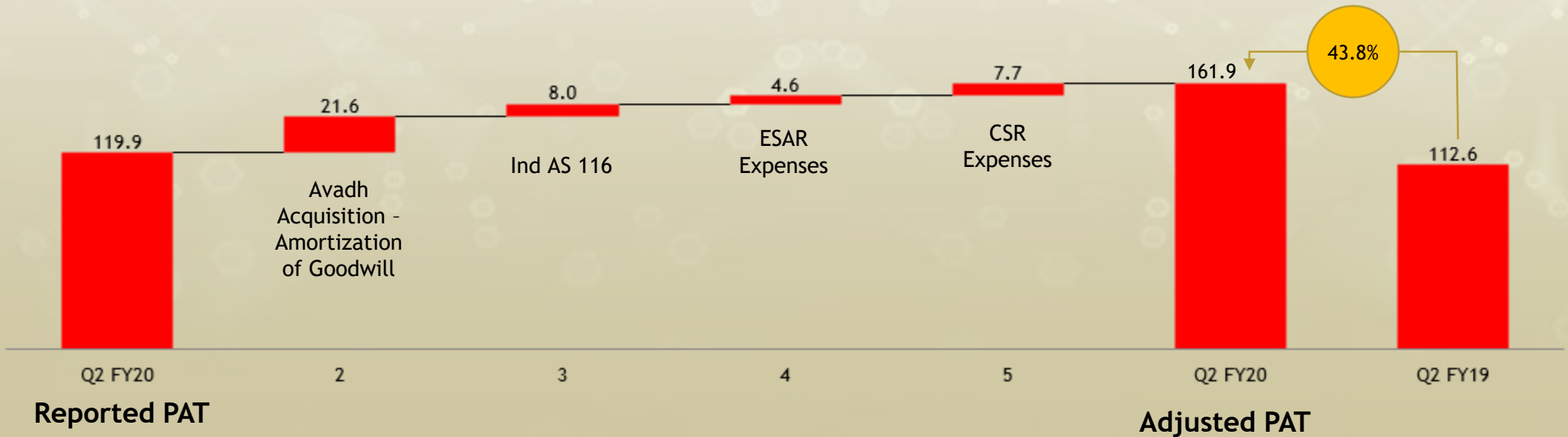
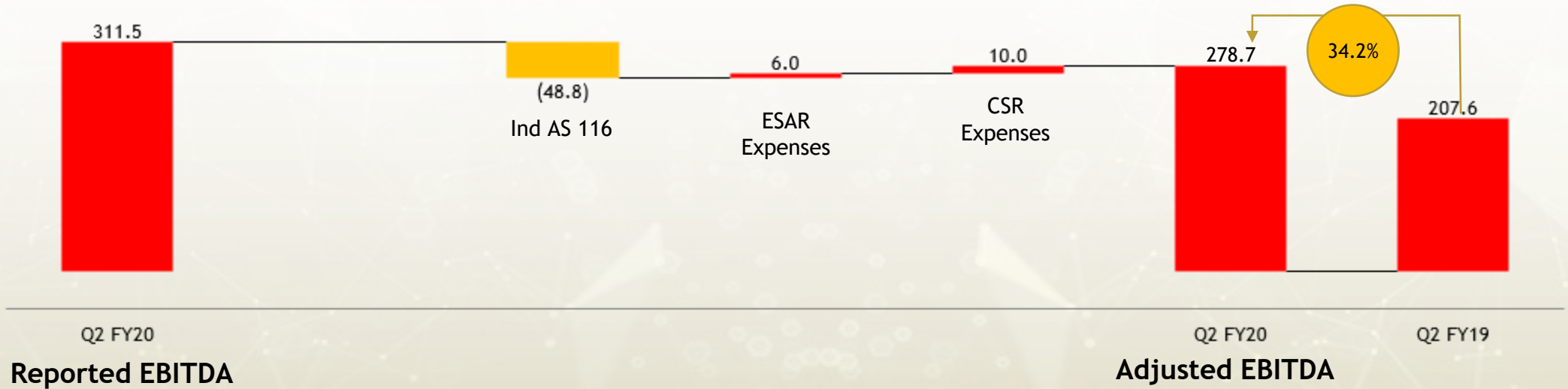
Cash EPS



- 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 on EBITDA and PAT from non-operational adjustments



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.

Sumit Sharma

Prataap Snacks Ltd

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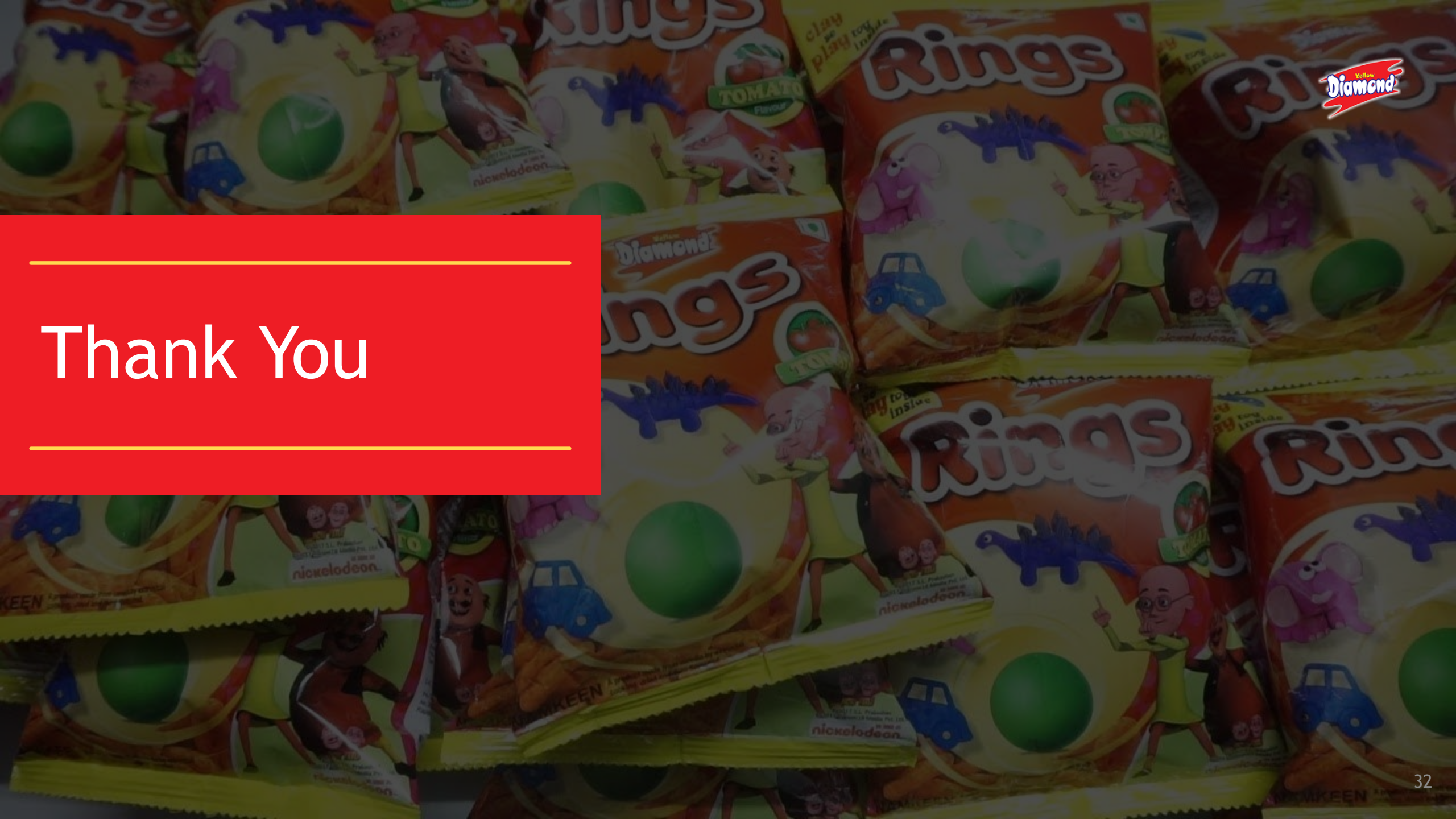
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Thank You
