



# PRATAAP SNACKS LIMITED

Q2 & H1FY19 - Results Presentation

November 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



- Potato based snack
- SKUs: 9 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: 4 flavours
- Target group: Children

## NAMKEEN\*



- Gram based#
- SKUs: 23 varieties
- Target group: All

## PELLET SNACKS



- Wheat based
- SKUs: 2 flavours
- Target group: Children

## NACHOS



- Made from corn tortillas
- Launched in Q4FY18
- SKUs: 3 flavours
- Target group: All

## YUM-PIE



- Cake with Jam & chocolate
- SKUs: 3 flavours
- Target group: Children

## YUM CAKE & COOKIE CAKE



- Cake centre filled with cream and Cake with chocolate
- SKUs: 2 flavour
- Target group: Children and Youth

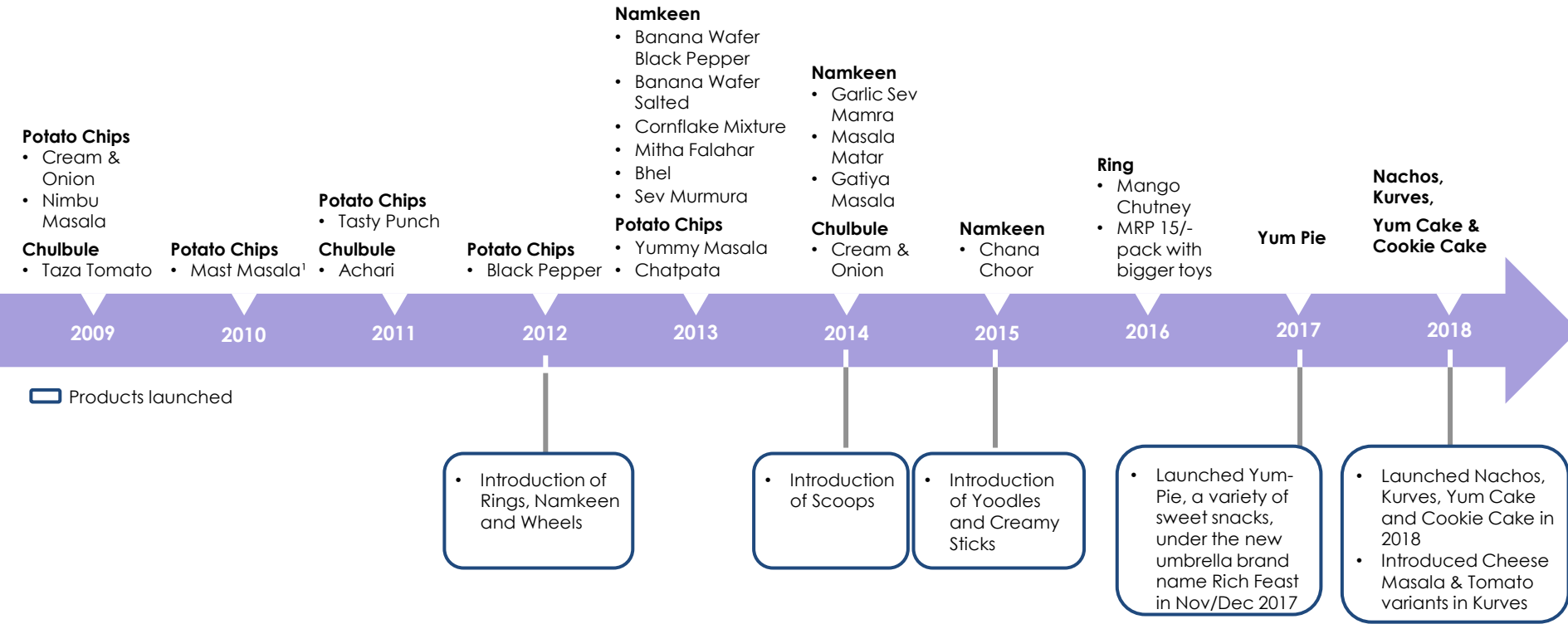
**Diverse product portfolio at strategic price points and pack sizes**

\*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



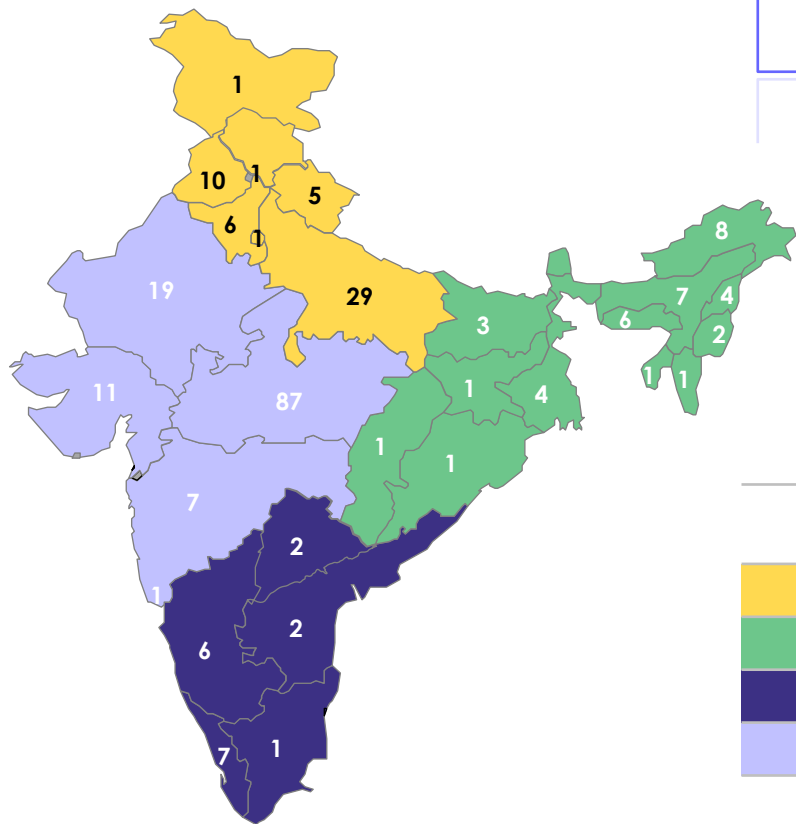
# Focus On Product Innovation



**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



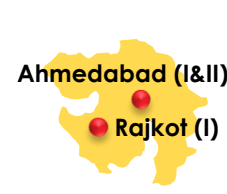
## West Bengal



## 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

- 11%-12% 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

- Prataap Snacks acquires Gujarat based Avadh Snacks
- The manufacturing facility in Rajkot to cater to the target market of Gujarat and also supply to the neighbouring states

Own facility

Third party facility

Subsidiary 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 15 years in the snack foods industry and in the financing business



### **Amit Kumar**

*Managing Director & CEO*

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



### **Apoorva Kumar**

*President - Operations*

Over 22 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*

16 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 15 years in the snack foods industry and in the financing business

## **G.V. Ravishankar**

*Nominee Director (Sequoia)*

Over 12 years in management consultancy & PE investments

Previously worked with McKinsey & Company

## **Amit Kumar**

*Managing Director & CEO*

Over 22 years in the snacks foods industry

## **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)

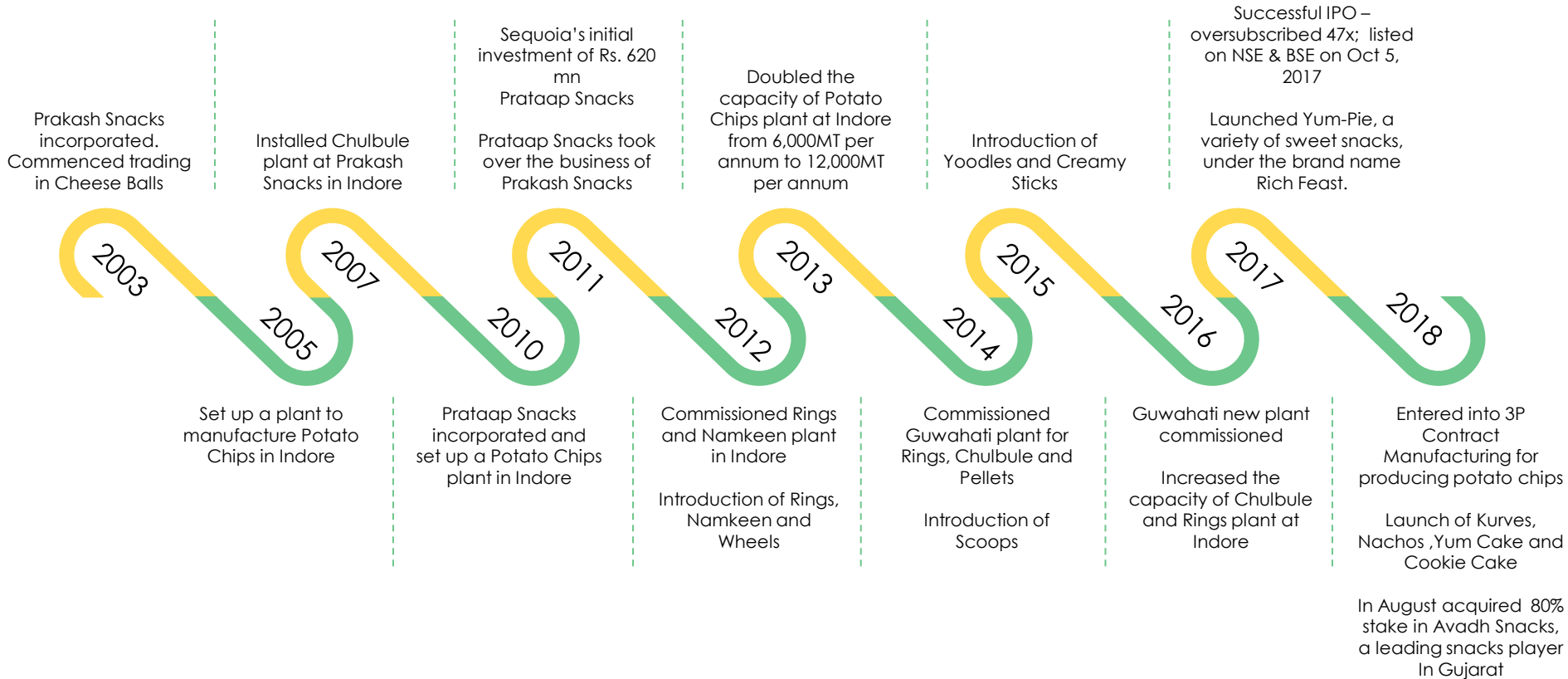
## **Chetan Kumar Mathur**

*Independent Director*

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



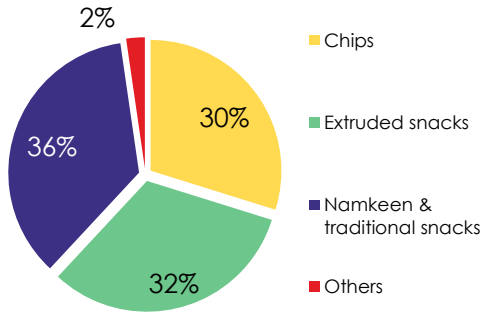
# Industry Overview

# Trends In The Indian Organised Snacks Market



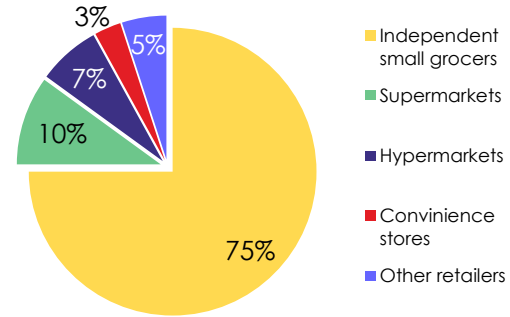
**Rs.220 Bn organized snack market, contributes to only ~40% of the Rs.550 Bn total snack market**

## 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

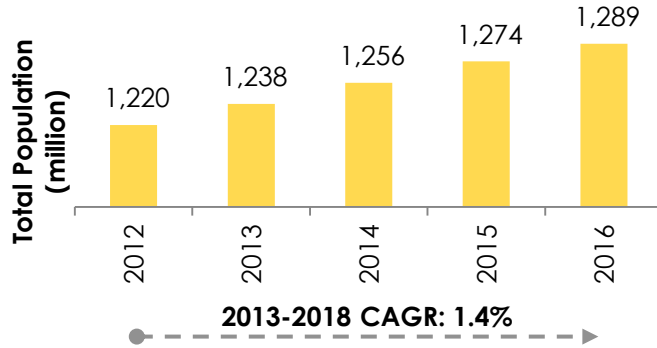
Source: F&S report 2017

\* As of 2016; please refer the Definitions section in the annexure for the zone definitions

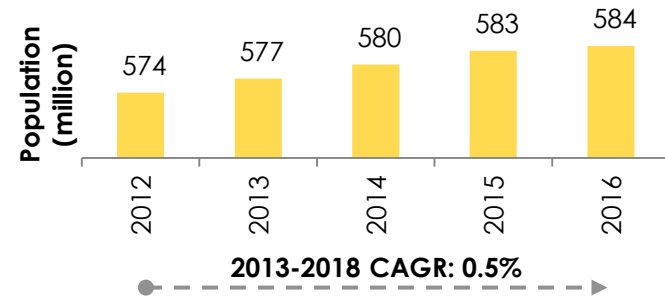
# Backed By Strong Demographic Tailwinds in India



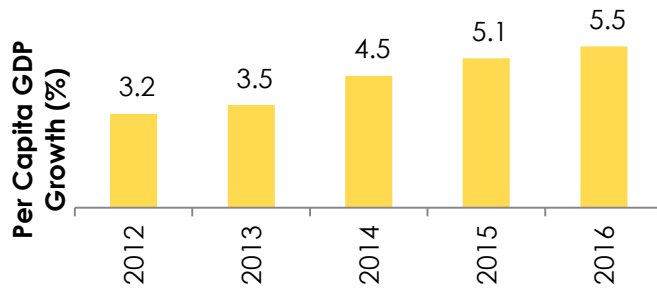
### Large and Growing Population



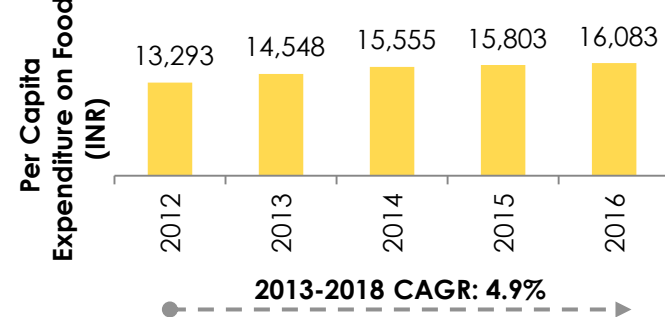
### Rising Population of Youth and Children<sup>1</sup>



### Rising Affluence



### Increasing Per Capita Expenditure on Food



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

Note: 1 Includes population aged 5-29 years



# Acquisition of Avadh Snacks





# Details of the Acquisition

- Prataap Snacks recently acquired 80% of equity stake in Avadh Snacks Pvt. Ltd for Rs. 148 crore through a combination of primary & secondary investment
- Avadh Snacks has a diversified product portfolio for Namkeens and Pellets in several variants and pack sizes
- The Company has a strong presence in the state of Gujarat and expanding to Maharashtra and Rajasthan
- Product portfolio of Prataap Snacks and Avadh Snacks complement each other with a mix of regional and national flavors & variants across categories
- Avadh Snacks will look to penetrate deeper into its home market as well as expand its presence in other neighboring markets

***Avadh Snacks to be a strong partner and will help Prataap Snacks in gaining significant distribution synergies across Gujarat market***

# 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



# Q2 & H1FY19 Results Performance

# CEO's Message



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## **Commenting on Q2 & H1FY19 performance, Mr. Amit Kumat - Managing Director, Prataap Snacks Limited said:**

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*"We are pleased to report healthy revenue growth of 14.7% in H1FY19 despite macroeconomic challenges during the quarter. The transportation strike during the quarter delayed dispatches and further impacted revenues by about 5-6%.*

*While there was pressure on margins due to an abnormal increase in a few key raw materials, we have partially mitigated the impact through cost optimization initiatives and product mix improvements and managed to improve EBITDA in Q2 FY19 by 49 bps over Q1 FY19.*

*The acquisition formalities of Avadh Snacks have been completed. From next quarter we will consolidate the financials. This marks our foray into India's largest snack market of Gujarat and we are confident that this acquisition will accelerate our growth trajectory.*

*During the quarter, we introduced some exciting additions to our portfolio of sweet snacks "Yum-Cake" and "Cookie-Cake" and the initial consumer reaction has been highly encouraging. We believe the sweet snack portfolio offers immense growth potential and is highly complementary to our portfolio of salty snacks.*

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

# Abridged P&L Statement

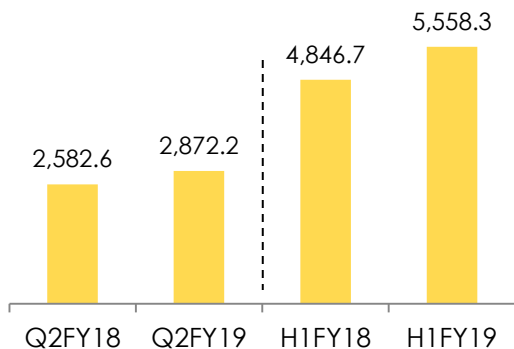


Particulars	Q2FY19	Q2FY18	Y-o-Y Change (%)	H1FY19	H1FY18	Y-o-Y Change (%)
<b>Income from Operations</b>	2,872.2	2,582.6	11.2%	5,558.3	4,846.7	14.7%
<b>Raw Material Cost</b>	1,968.2	1,724.1	(14.2)%	3,832.7	3,265.3	(17.4)%
<b>Gross Profit</b>	904.0	858.5	-	1,725.7	1,581.4	-
<b>Gross Margins</b>	<b>31.5%</b>	<b>33.2%</b>	<b>(170)Bps</b>	<b>31.0%</b>	<b>32.6%</b>	<b>(160)Bps</b>
<b>EBITDA</b>	207.6	261.4	-	388.6	460.4	-
<b>EBITDA Margins</b>	<b>7.2%</b>	<b>10.1%</b>	<b>(290)Bps</b>	<b>7.0%</b>	<b>9.5%</b>	<b>(250)Bps</b>
<b>Depreciation</b>	79.0	71.2	(10.9)%	155.1	141.1	(9.9)%
<b>Interest</b>	0.9	7.9	88.7%	1.8	18.7	90.3%
<b>Profit After Tax</b>	112.6	129.2	(12.9)%	216.5	226.8	(4.6)%
<b>EPS (Diluted) in Rs.</b>	4.80	6.18	(22.3)%	9.23	10.85	(14.9)%

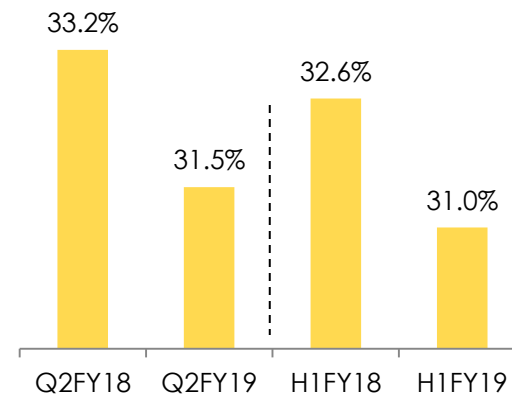
CONSOLIDATED FINANCIALS, IN RS. MILLION EXCEPT AS STATED

# Financials – Q2 & H1FY19 Performance

## Sales / Income from Operations



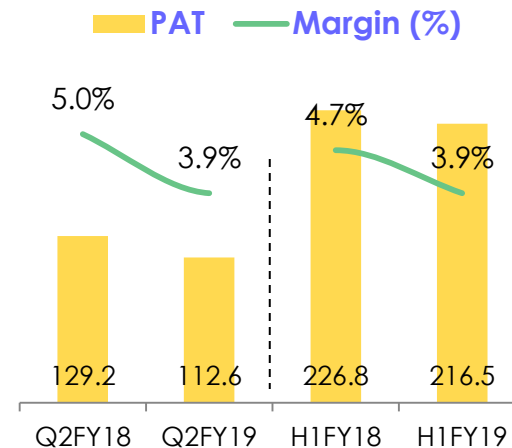
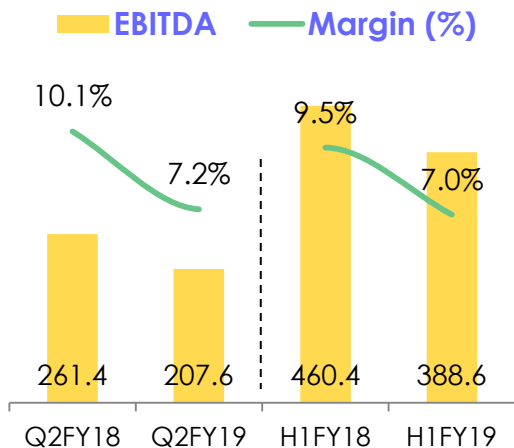
## Gross Margin (%)



- Income from operations in Q2FY19 grew by 11.2% yoy to Rs. 2,872.2 mn despite impact of transporters strike in July, 2018 & in H1 FY19 it was Rs. 5,558.3 mn higher BY 14.7% yoy
- Gross margins contracted by 170 Bps to 31.5% in Q2FY19 due to increase in a few key raw material costs
  - Partially mitigated the impact of margin pressure through cost optimization initiatives and product mix

CONSOLIDATED FINANCIALS, IN RS. MILLION

# Financials – Q2 & H1FY19 Performance



- EBITDA for Q2FY19 was lower by 290Bps yoy at Rs. 207.6 mn , whereas the EBITDA for H1FY19 was at Rs. 388.6 mn
- ✓ Cost optimization initiatives and product mix improvements have helped to improve EBITDA in Q2 FY19 by 49 Bps over Q1FY19
- PAT for Q2FY19 stood at 3.9% yoy to Rs. 112.6 mn on account of macro economic challenges and rise in input costs impacting the margins



# 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