

# PRATAAP SNACKS LIMITED

## Q3 & 9M FY20 - Results Presentation



February 2020

# 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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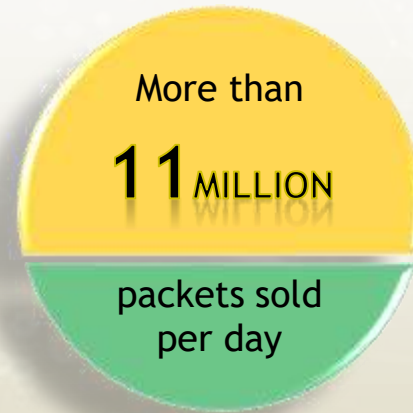


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# Company Overview

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# 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



CUP CAKE, TIFFIN CAKE & SANDWICH CAKE

- Cake variations with Chocolate fillings
- SKUs: 5 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 9M 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

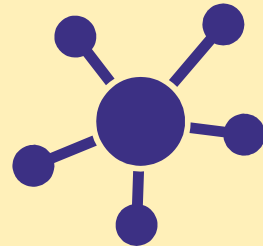


### Avadh has a Unique Business model

- 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%

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

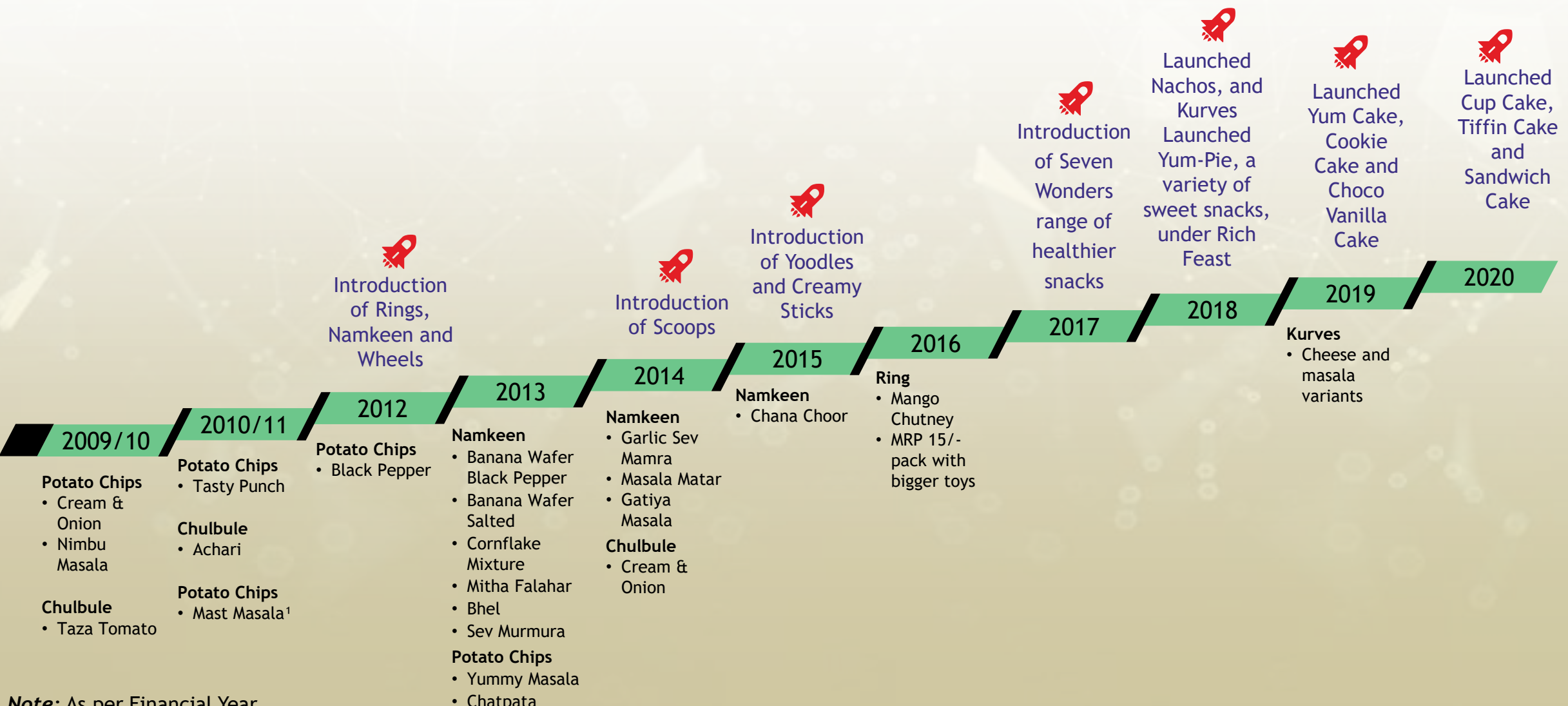


## Sandwich Cake

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

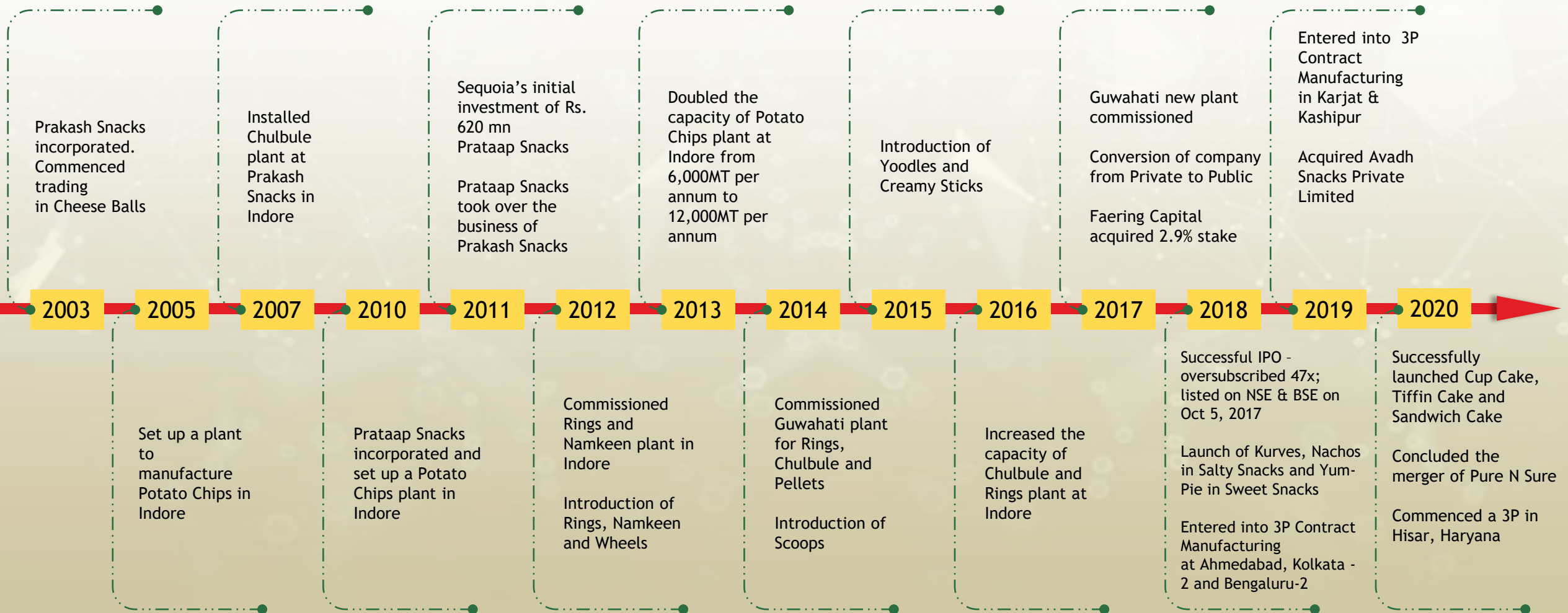
*Diverse product portfolio at strategic price points and pack sizes*

# Track Record of Innovation



**Note:** As per Financial Year

# Key Milestones

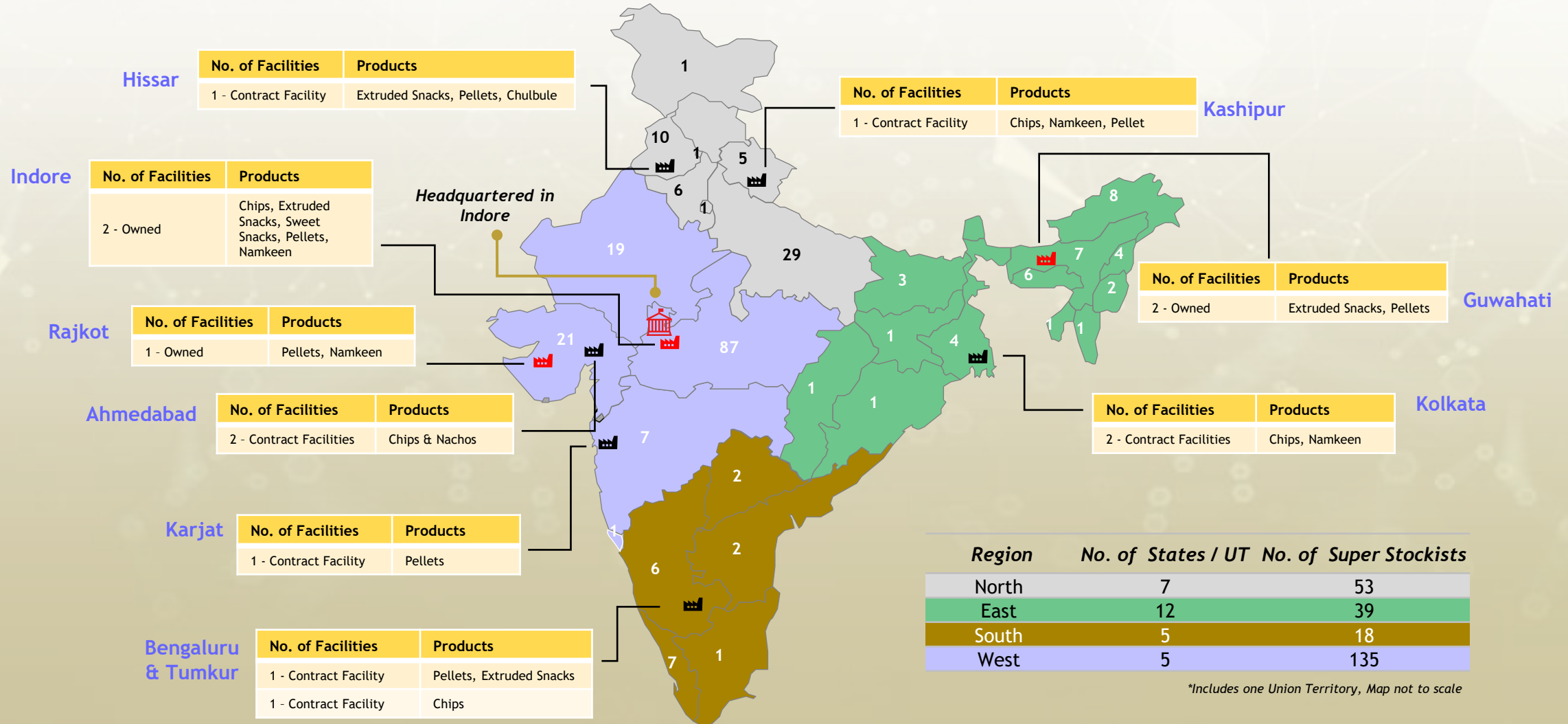




# Pan India Presence



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





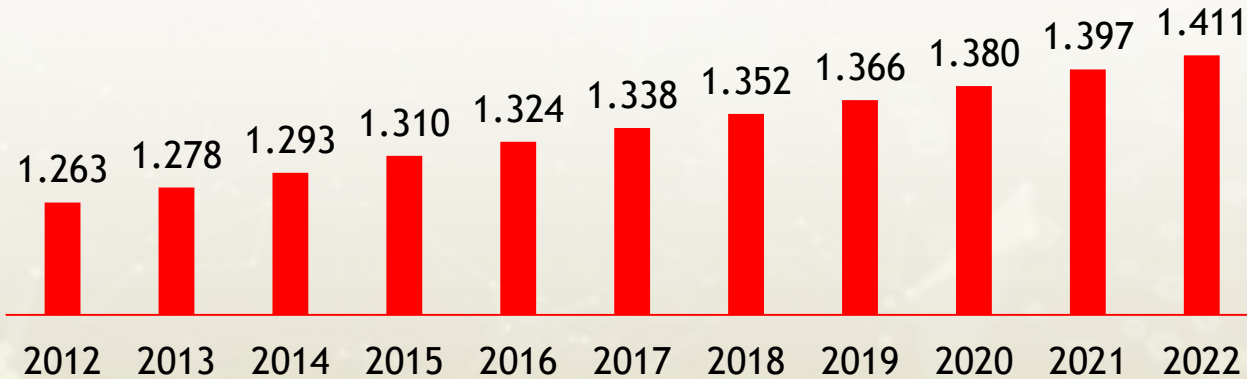
Industry Overview



# Favourable demographics supporting Industry growth

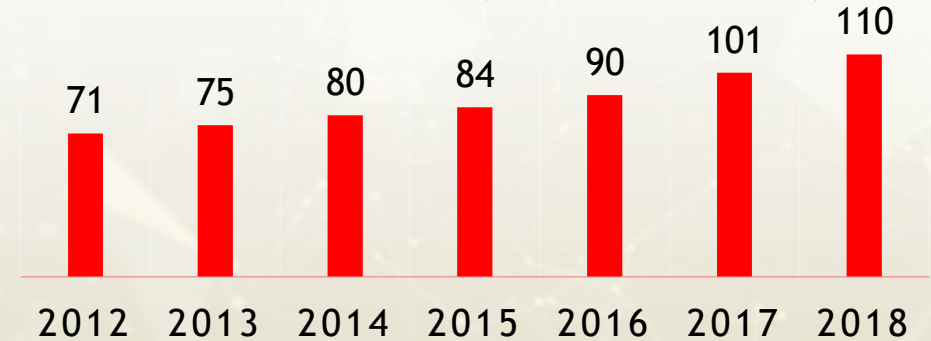


## POPULATION TREND (BILLIONS)



Source: World Population Review

## INDIA'S ANNUAL CONSUMER EXPENDITURE (RS. TRILLION)



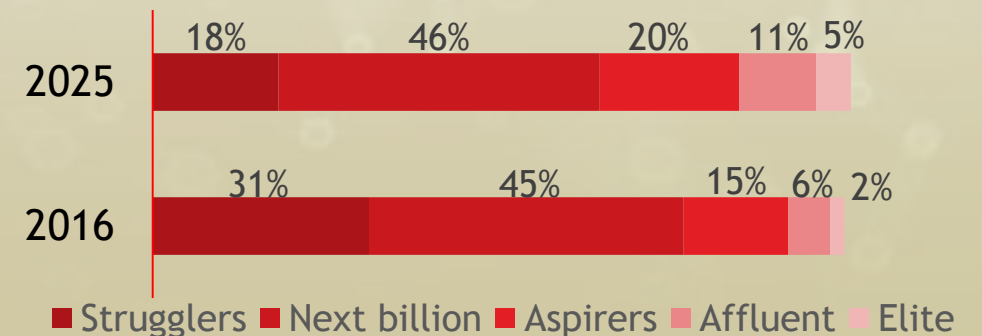
Source: World Bank, IMF, OECD, CIA World Factbook, BCG Group

## GDP PER CAPITA AT CURRENT PRICES (US\$)



Source: IBEF - May 2019

## RISING AFFLUENCE AND DISPOSABLE INCOME

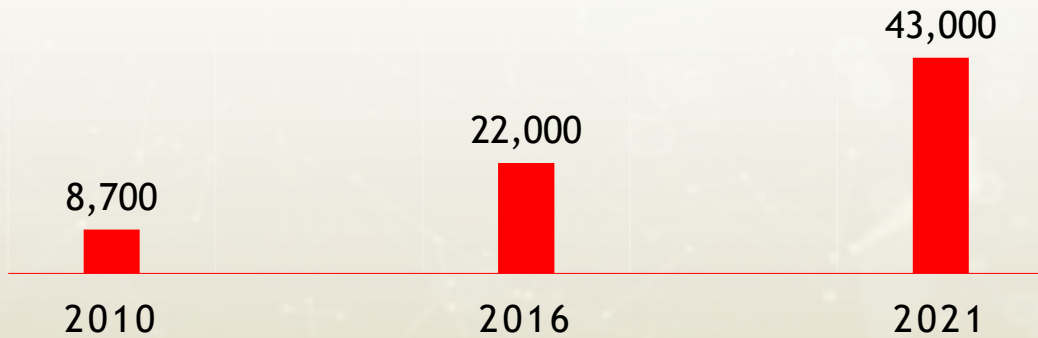


Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India

# Salty Snacks - poised for strong growth

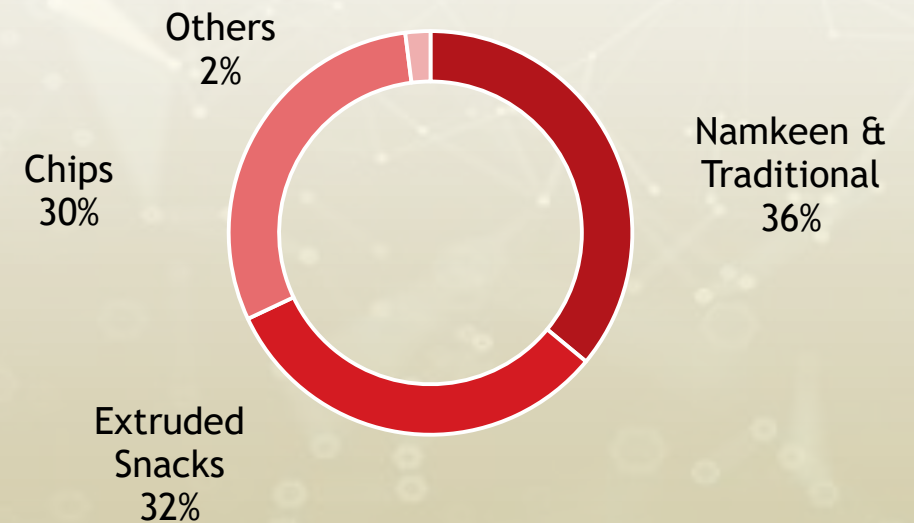


## ORGANISED MARKET TO GROW AT A CAGR OF 14.3% OVER 5 YEARS



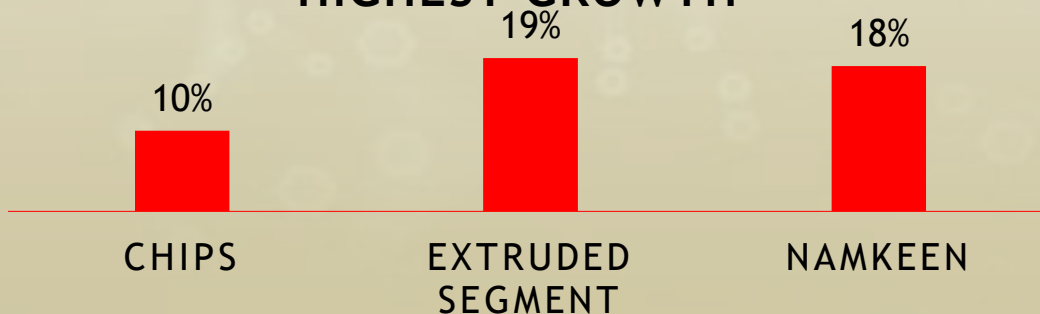
Source: Systematix Research Report March 2019

## ORGANISED SNACK MARKET BY TYPE OF CATEGORIES



Source: Systematix Research Report March 2019

## EXTRUDED SNACKS TO POST THE HIGHEST GROWTH\*



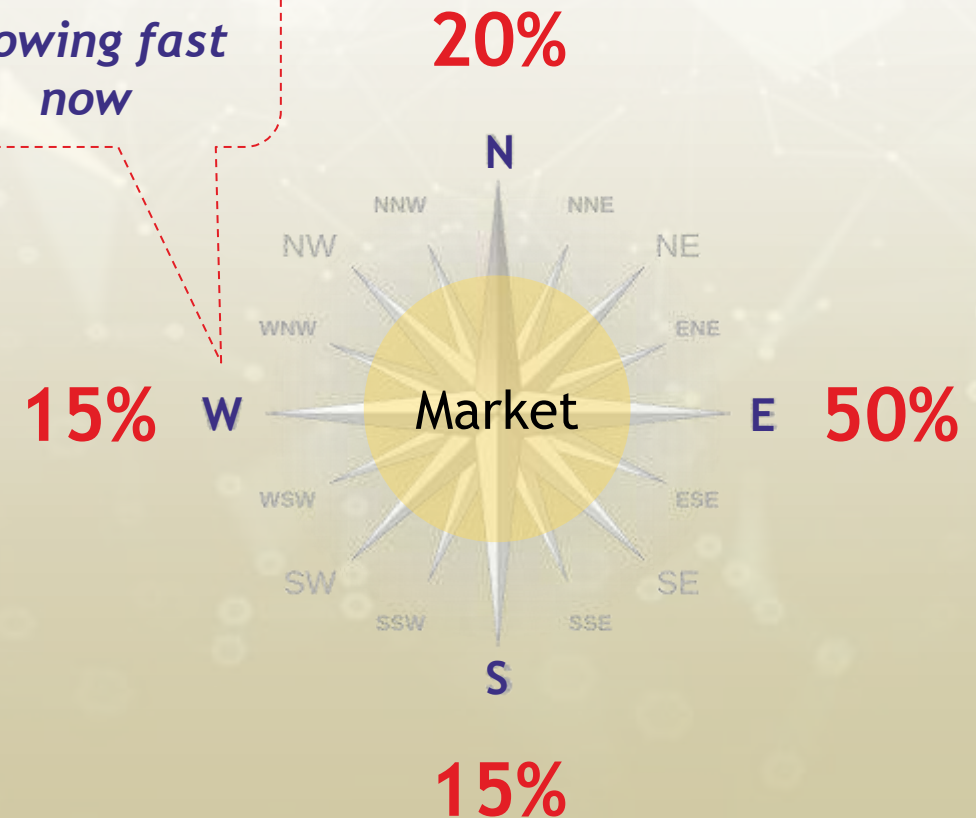
Source: Systematix Research Report March 2019

\*CAGR FY16-FY21

# Sweet Snacks Industry - Size, Growth, Key Players



*West is growing fast now*







Q3 & 9M FY'20 Results  
Performance

- In Q3 FY'20, PSL delivered a topline growth of 17% across entire portfolio of savoury and sweet snacks, amidst slowdown in overall consumption market
- Faced challenges on the margin front, owing to the sharp, unusual rise in Palm oil prices, which is a key input for our savoury products
  - Hopeful that the unusual volatility will subside in the near term, which should restore margins
- Continue to focus on cost-optimisation and process-engineering, in order to drive a higher bottom-line
- Launched Tiffin Cake and Sandwich Cake in test markets - Highly encouraging response to new product launch
- Contribution of 3P manufacturing facility in sales increased from 11.1% in Q3 FY'19 to 17.5% in Q3 FY'20

## In Q3 FY'20, PSL reported:

- Revenue of Rs. 3606.3 million, delivered strong double digit growth of 17.0% YoY
- Operating EBITDA of Rs. 216.1 million, translating to a margin of 6.0%
- Normalised EBITDA (after adjustment for stock based compensation) of Rs. 226.7 million, translating to a margin of 6.3%
- PAT stood at Rs. 55.2 million at a margin of 1.5%
- EPS (Diluted) was at Rs. 2.35 per share in Q3 FY20



## In 9M FY'20, PSL reported:

- Total revenue of Rs. 10,796.2 million, higher by 24.9% YoY
- Operating EBITDA of Rs. 799.7 million, translating to a margin of 7.4%
- Normalised EBITDA (after adjustment for share based compensation) of Rs. 816.3 million, translating to a margin of 7.6%
- PAT of Rs. 271.6 million at a margin of 2.5%
- EPS (Diluted) was Rs. 11.58 per share in 9M FY20



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***Commenting on Q3 FY'20 performance, Mr. Amit Kumar - Managing Director & CEO, Prataap Snacks Limited said:***

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*“I am pleased to report that we have witnessed very strong revenue growth across our entire portfolio of savoury and sweet snacks, amidst the consumption slow down.*

*However, we have faced challenges on the margin front, owing to the sharp, unusual rise in Palm oil prices, which is a key input for our business. We are hopeful this unusual spike will cool off in the near term, which should restore our profitability going forward.*

*We continue to focus on cost-optimisation and process-engineering, in order to drive a higher bottom-line, while keeping our revenues buoyant.”*

# Abridged P&L Statement



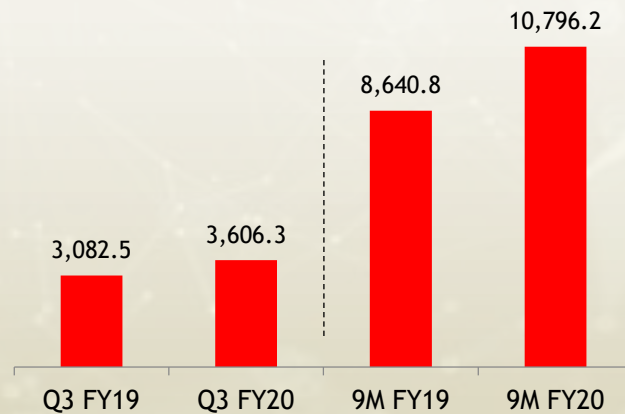
Particulars	Q3 FY'20	Q3 FY'19	Y-o-Y Change (%)	9M FY'20	9M FY'19	Y-o-Y Change (%)
Income from Operations	3,606.3	3082.5	17.0%	10,796.2	8,640.8	24.9%
Raw Material Cost	2,588.9	2194.8	18.0%	7,640.9	6,027.4	26.8%
Gross Profit	1,017.3	887.7	14.6%	3,155.3	2,513.4	25.5%
Gross Margins	28.2%	28.8%	-60 BPS	29.2%	30.2%	-100 BPS
EBITDA	216.1	220.7	-2.1%	799.7	609.3	31.2%
<i>EBITDA Margins</i>	6.0%	7.2%	-120 BPS	7.4%	7.1%	+30 BPS
Depreciation	152.7	129.6	17.8%	463.6	284.7	62.8%
Interest	17.6	1.6	1000.0%	59.1	3.4	1638.2%
Profit After Tax	55.2	80.7	-31.6%	271.6	297.2	-8.6%
EPS (Diluted) in Rs.	2.35	3.44		11.58	12.67	



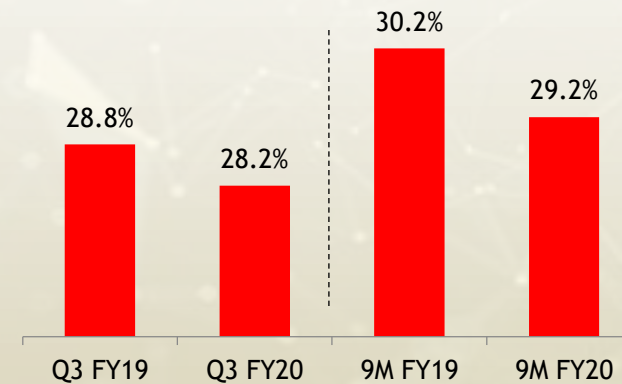
# Financials - Q3 & 9M FY'20 Performance



## SALES / INCOME FROM OPERATIONS



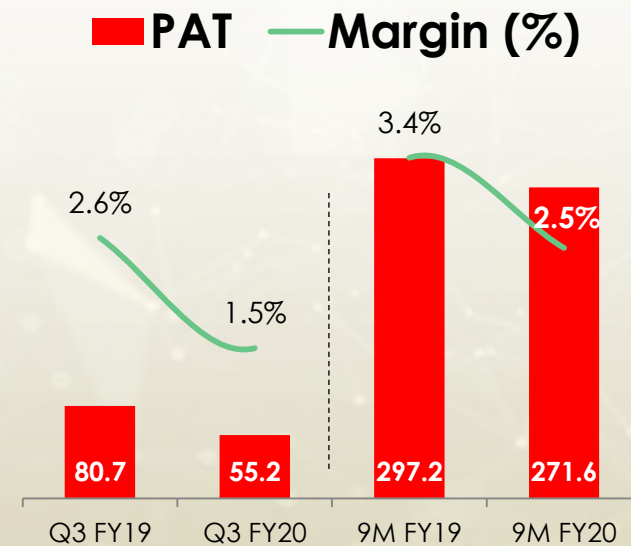
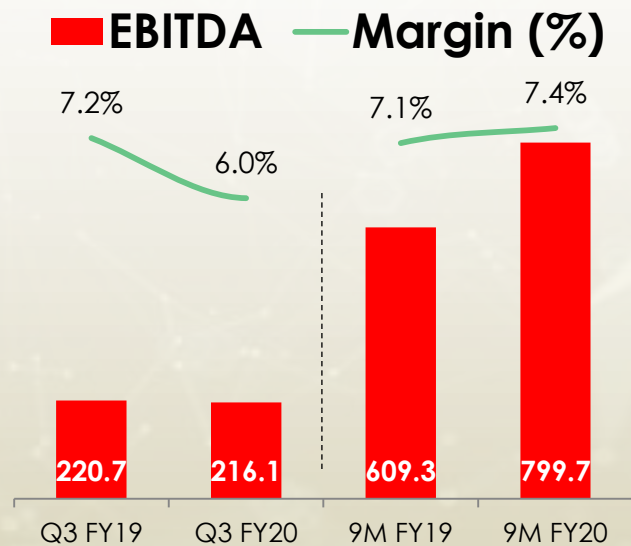
## Gross Margin (%)



- Income from operations in Q3 FY'20 grew by 17.0% yoy to Rs. 3,606.3 mn & in 9M FY'20 it was Rs. 10,796.2 mn higher by 24.9% yoy
- Gross margins contracted by 60 Bps to 28.2% in Q3 FY'20
  - Partially mitigated the impact of raw material inflation through cost optimization and process-engineering initiatives

CONSOLIDATED FINANCIALS, IN RS. MILLION

# Financials - Q3 & 9M FY'20 Performance



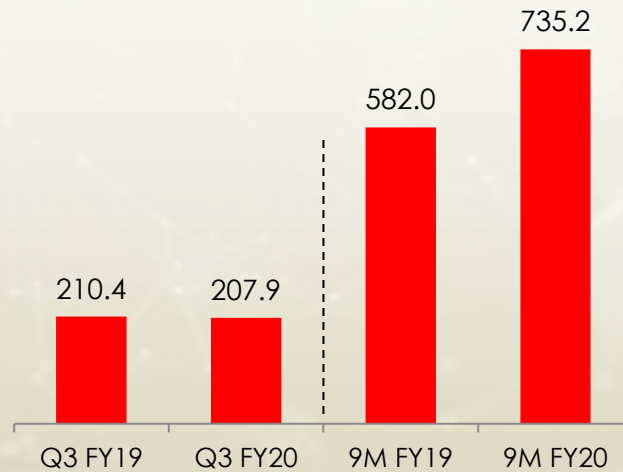
- EBITDA for Q3 FY'20 was lower by 2.1% yoy at Rs. 216.1 mn , whereas the EBITDA for 9M FY'20 up by 31.2%, at Rs. 799.7 mn
- PAT for Q3 FY'20 stood at Rs. 55.2 million at a margin of 1.5% , whereas the PAT for 9M FY'20 stood at Rs. 271.6 million at a margin of 2.5%

CONSOLIDATED FINANCIALS, IN RS. MILLION

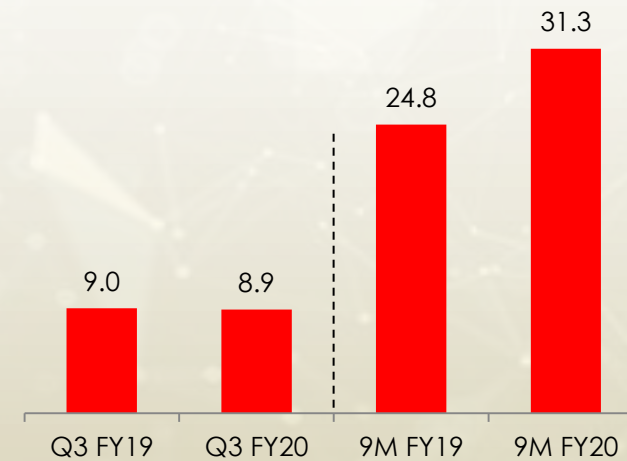
# Financials - Q3 & 9M FY'20 Performance



## Cash Profits



## Cash EPS

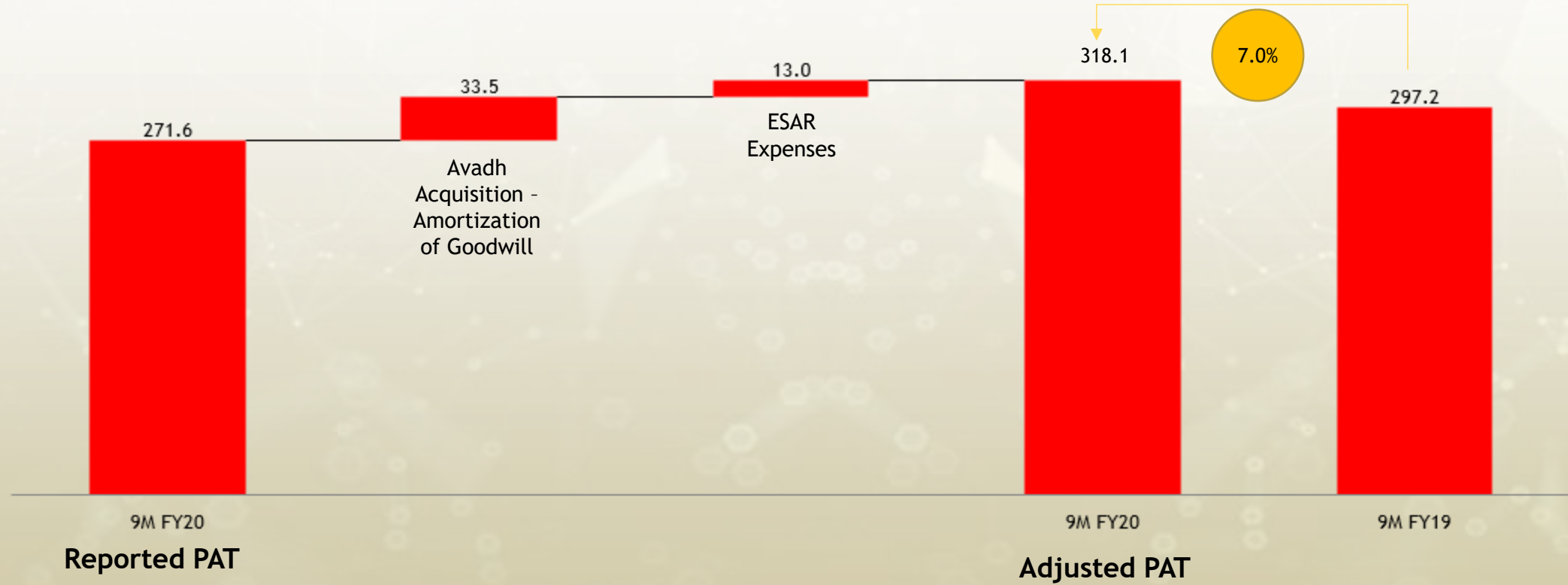


- The Company follows a conservative accounting policy and is amortizing intangible assets of Avadh Snacks
  - A lateral benefit has been contained tax outflow

CONSOLIDATED FINANCIALS, IN RS. MILLION



# Impact on 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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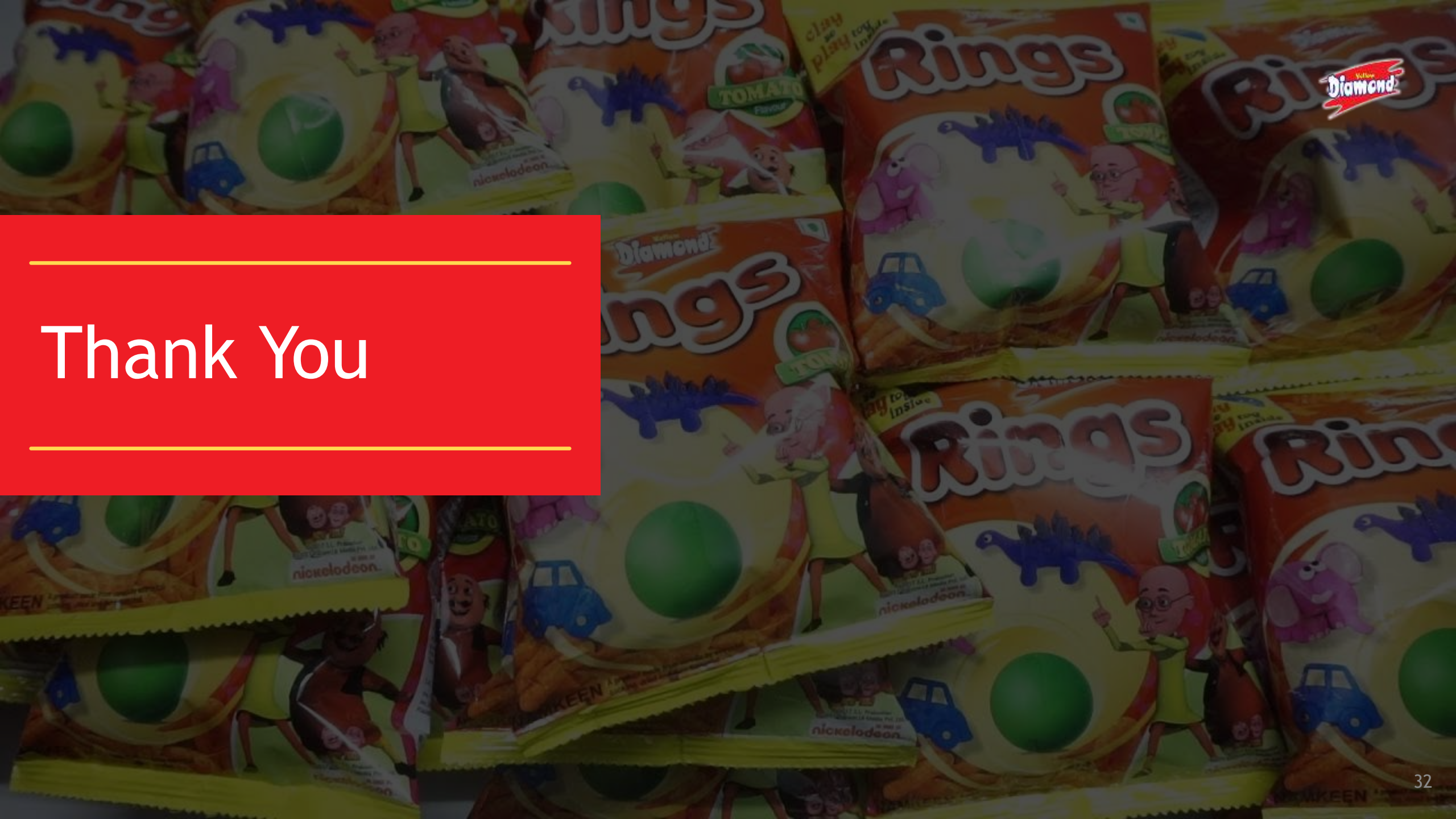
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Thank You