



Ref No.: PSL/2019-20/CS/SE/45

Date: 24<sup>th</sup> September, 2019

To, Listing Department <b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No. C/1, G Block Bandra Kurla Complex Bandra ( E), Mumbai -400 051  Symbol: DIAMONDYD	To, Corporate Relationship Department <b>BSE Limited</b> P.J. Towers, Dalal Street Mumbai- 400 001  Security Code: 540724 Security ID : DIAMONDYD
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**Sub.: Corporate Presentation of the Company made in Investor and Analyst Meet 2019**

Dear Sir/Madam,

With reference to our letter Ref No.: PSL/2019-20/CS/SE/44 dated 19<sup>th</sup> September, 2019, wherein we have intimated regarding hosting of an Investor & Analyst Meet on Tuesday, 24<sup>th</sup> September, 2019 in Mumbai. Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Corporate Presentation of the Company made in aforesaid meet.

The aforesaid presentation is also available on the Company's website [www.yellowdiamond.in](http://www.yellowdiamond.in)

This is for your kind information and record.

Thanking you,

Yours faithfully,

For Prataap Snacks Limited

Om Prakash Pandey  
Company Secretary & Compliance Officer



Encl: As above

**Prataap Snacks Limited**  
(Formerly known as Prataap Snacks Pvt. Ltd.)

Office : Khasra No. 378/2, 378/1/4, Nemawar Road, Near Makrand House, Gram : Palda, Dist. : Indore (M.P.) India  
Phone : ++91-731-2437600, 2437602-10 E-mail : [info@yellowdiamond.in](mailto:info@yellowdiamond.in)

CIN No. L15311MP2009PLC021746

# PRATAAP SNACKS LIMITED

## INVESTOR & ANALYST MEET 2019

Rich  
Feast

Yellow  
**Diamond**<sup>®</sup>

Dildaar hain  
hu♡

**AVADH**<sup>®</sup>





# 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.







<b>Agenda</b>	<b>1</b> Industry Overview	<b>2</b> Company Overview	<b>3</b> Financial Overview	<b>4</b> Governance	<b>5</b> Acquisition of Avadh Snacks	<b>6</b> Sweet Snacks	<b>7</b> Creating Value for Shareholders	<b>8</b> Key Takeaways
	4	7	15	19	25	29	35	42



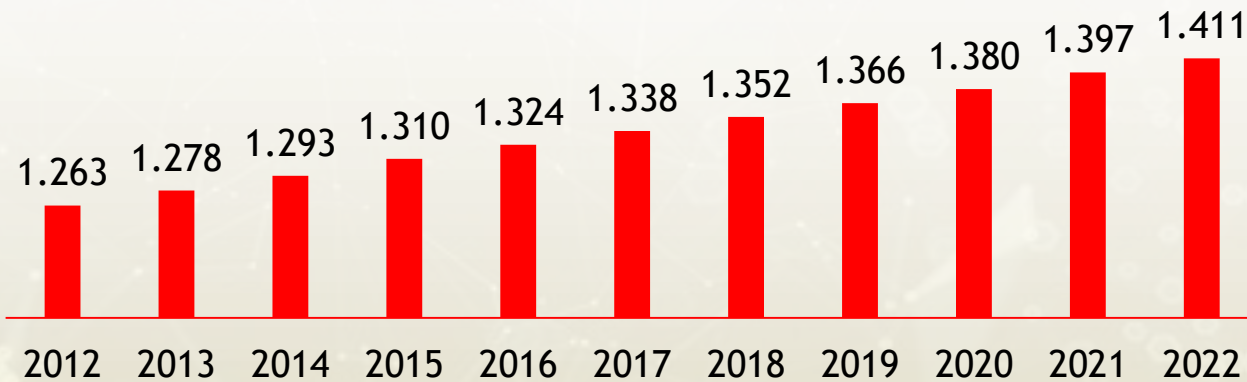


# 1. Industry Overview

# Favourable demographics supporting Industry growth

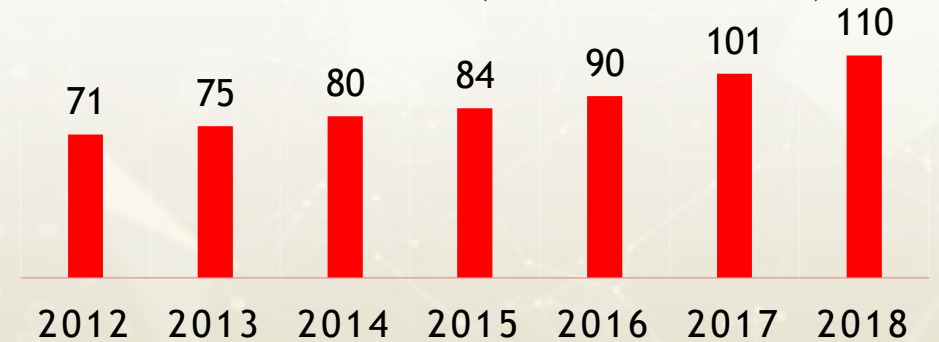


## POPULATION TREND (BILLIONS)



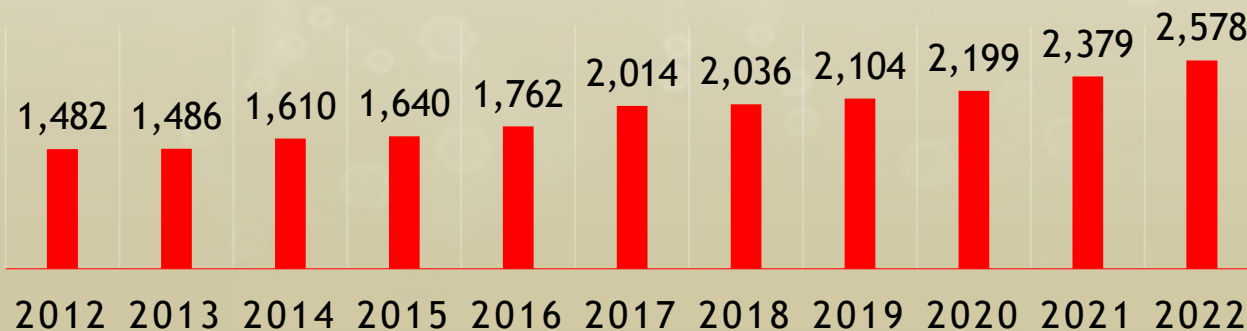
Source: World Population Review

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



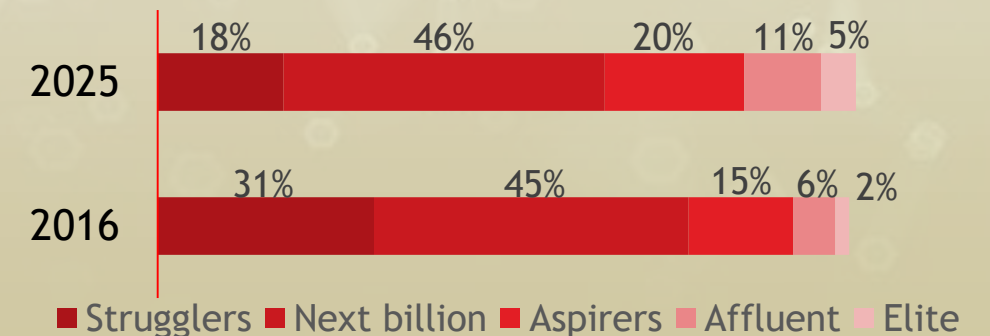
Source: World Bank, IMF, OECD, CIA World Factbook, BCG Group

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



Source: IBEF - May 2019

## RISING AFFLUENCE AND DISPOSABLE INCOME



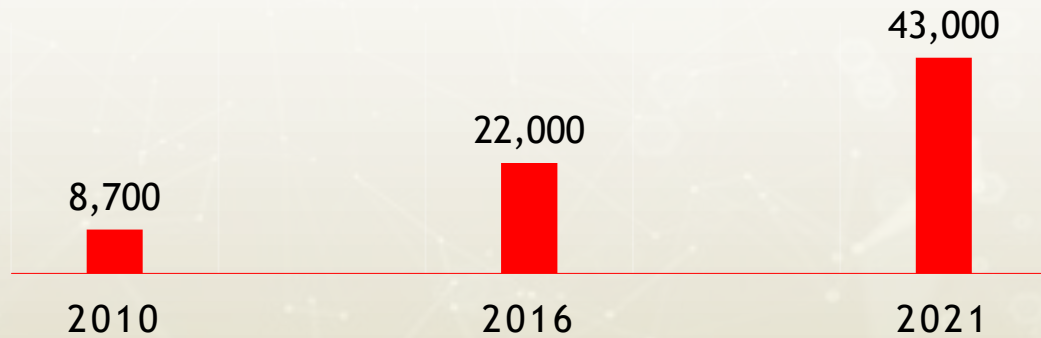
Source: World Economic Forum Report: Future of Consumption in Fast-Growth Consumer Markets - India



# Salty Snacks - poised for strong growth

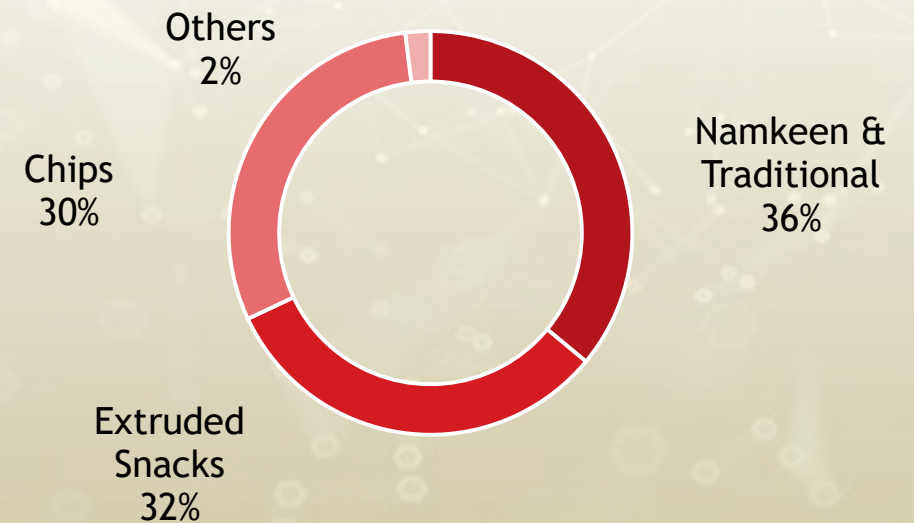


## ORGANISED MARKET TO GROW AT A CAGR OF 14.3% OVER 5 YEARS



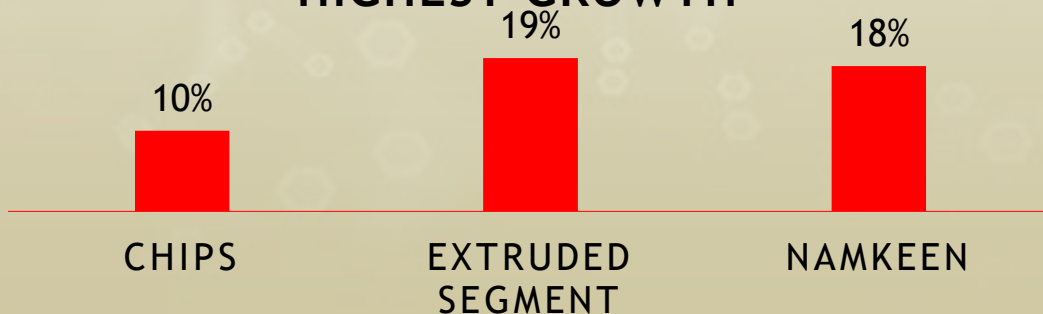
Source: PSL Annual Report, 2018-19

## ORGANISED SNACK MARKET BY TYPE OF CATEGORIES



Source: PSL Annual Report, 2018-19

## EXTRUDED SNACKS TO POST THE HIGHEST GROWTH\*



Source: PSL Annual Report, 2018-19

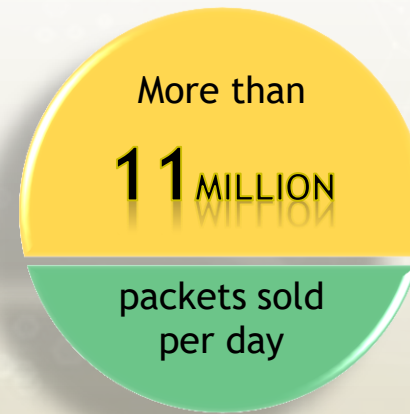
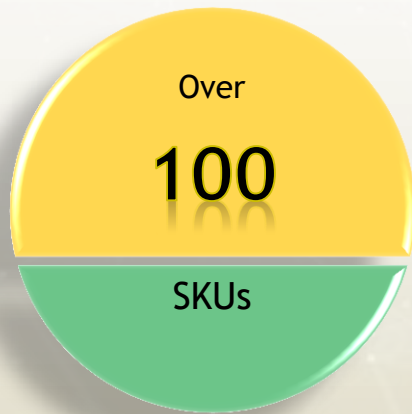
\*CAGR FY16-FY21



## 2. Company Overview

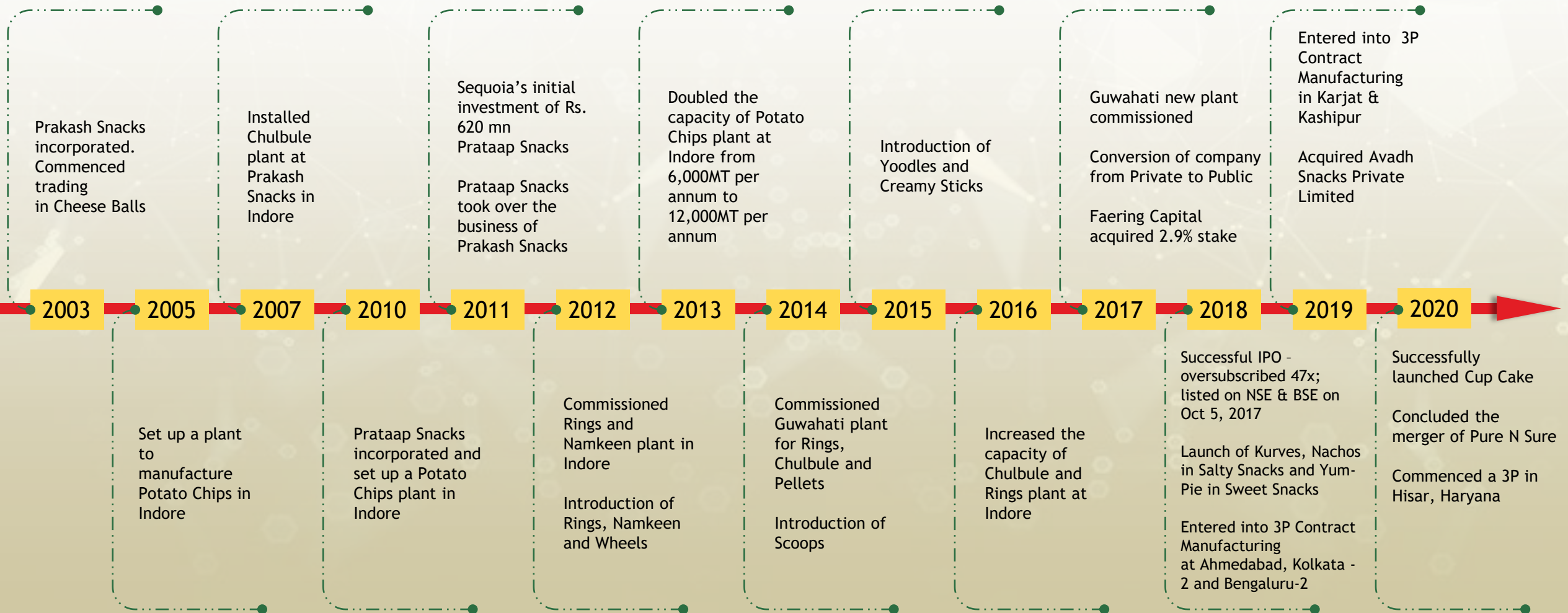


# Prataap Snacks at a Glance



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

# Key Milestones





# Comprehensive Presence Across Key Product Categories



CHIPS



EXTRUDED SNACKS (SHAPED)



EXTRUDED SNACKS (RANDOM)



NAMKEEN



PELLET



SWEET SNACKS

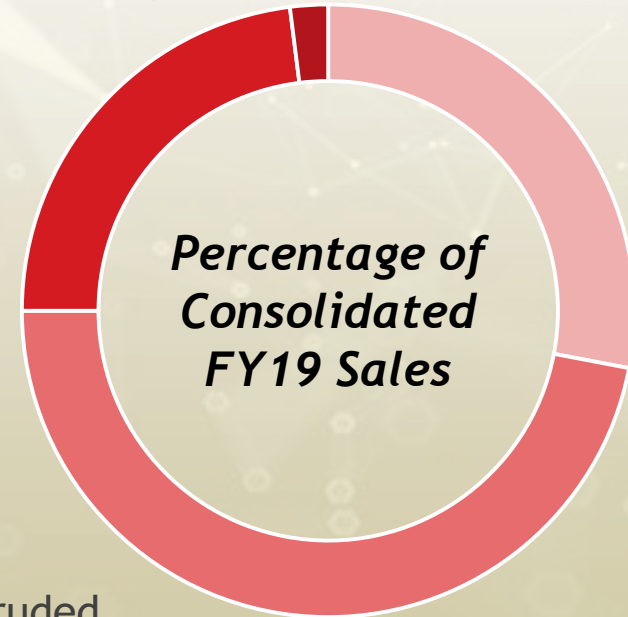


Sweet Snacks, 2%

Potato Chips, 28%

Namkeen & Pallets, 23%

Extruded Snacks (S + R), 47%



Percentage of Consolidated FY19 Sales

# Diverse Product Portfolio



## POTATO CHIPS

- Potato based snack
- SKUs: 7 flavors
- Target group: Youth & Children



## 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*



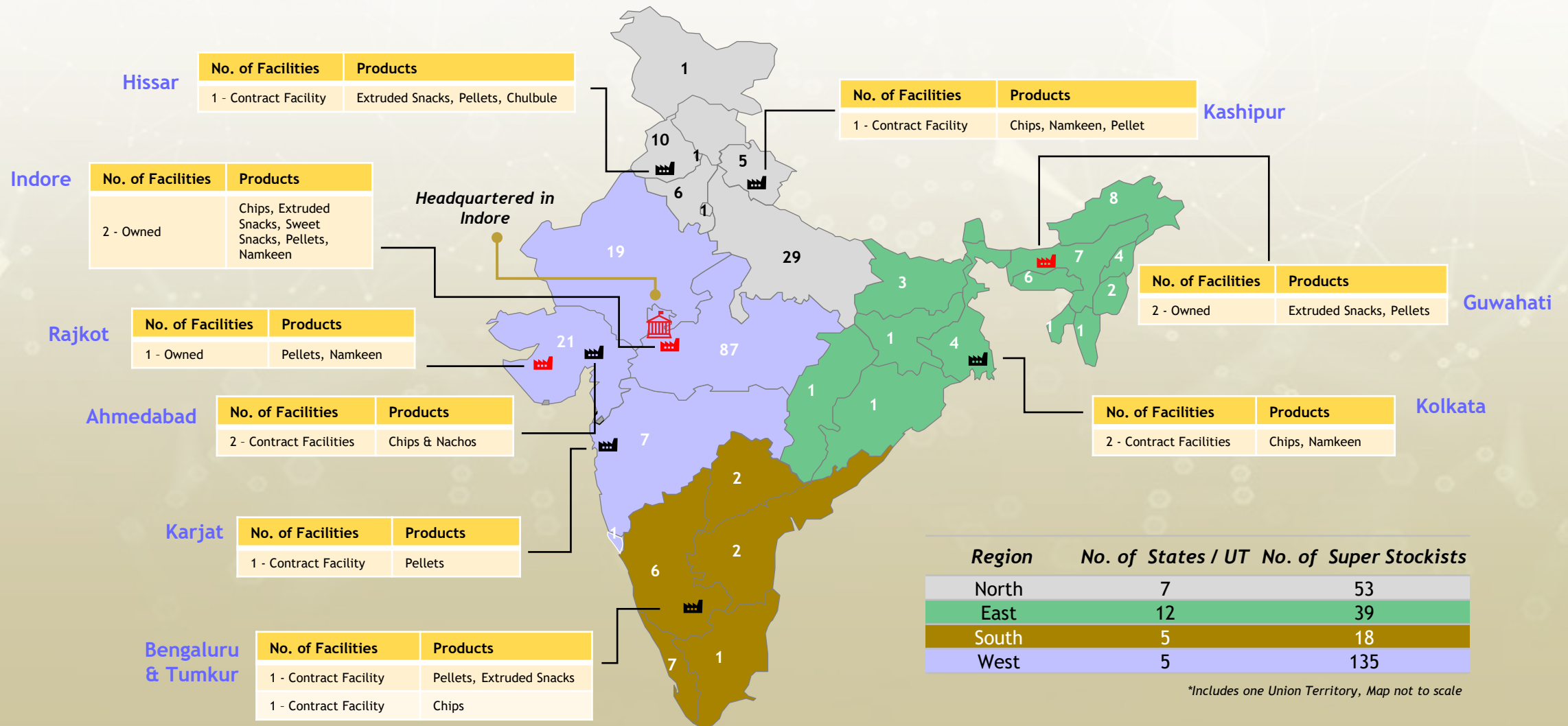
# Track Record of Innovation



# Pan India Presence - Source of supply closer to market



## 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



### 3. Financial Overview

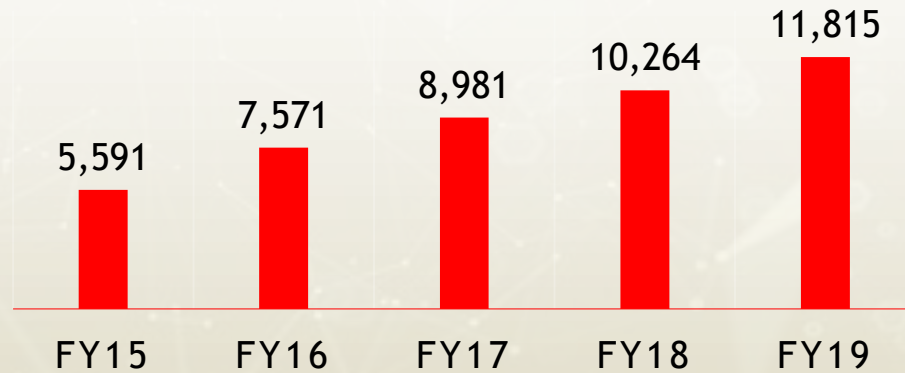


# Track Record of Robust Growth



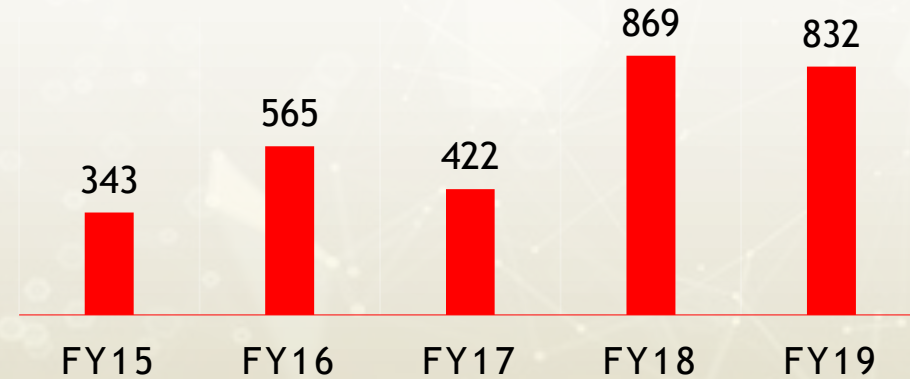
## REVENUE

CAGR: 21.9%



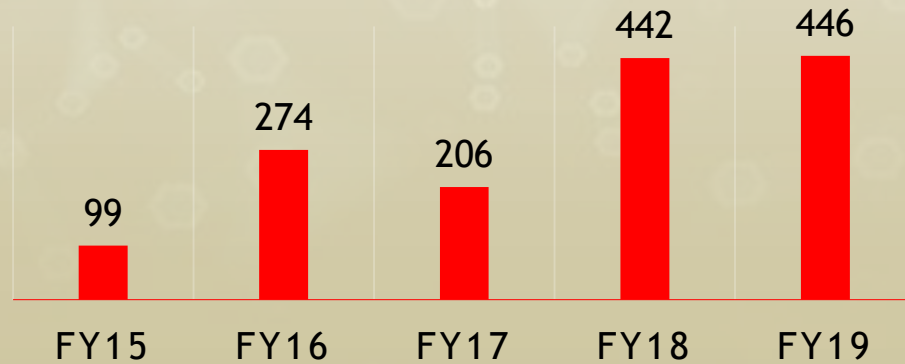
## EBITDA

CAGR: 33.0%



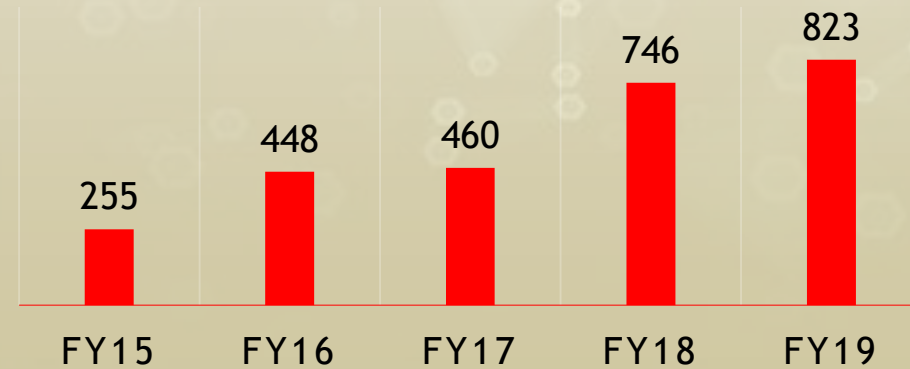
## PAT

CAGR: 52.7%



## CASH PROFIT

CAGR: 37.0%

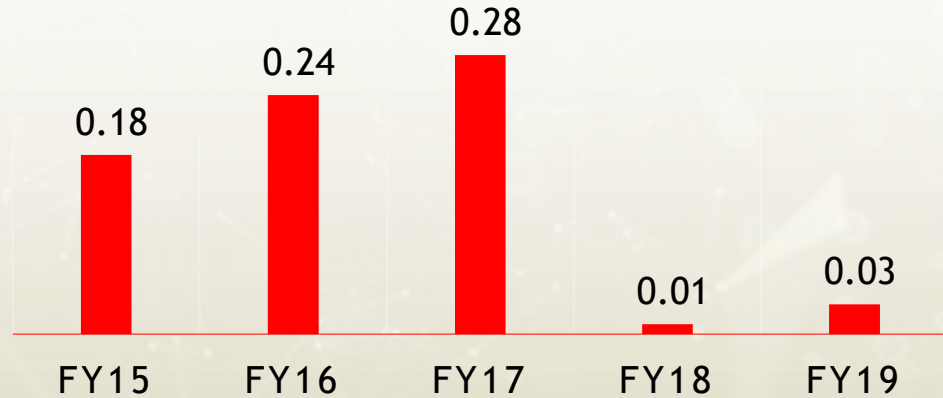




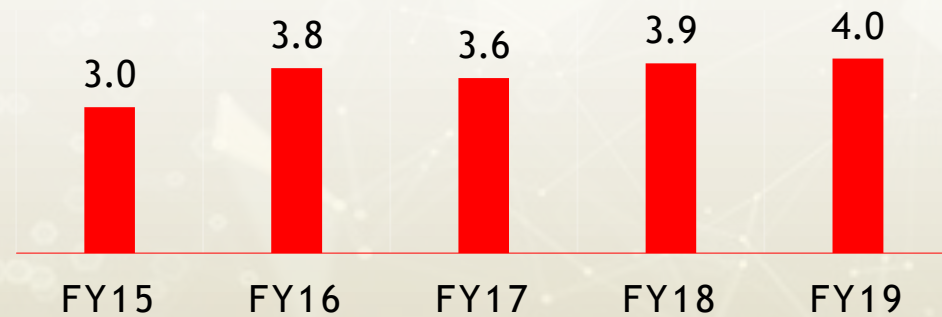
# Strong Financial Position



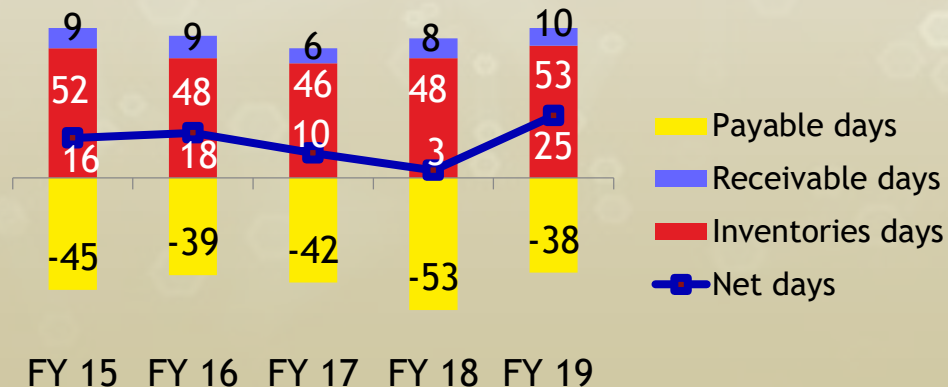
### DEBT EQUITY RATIO



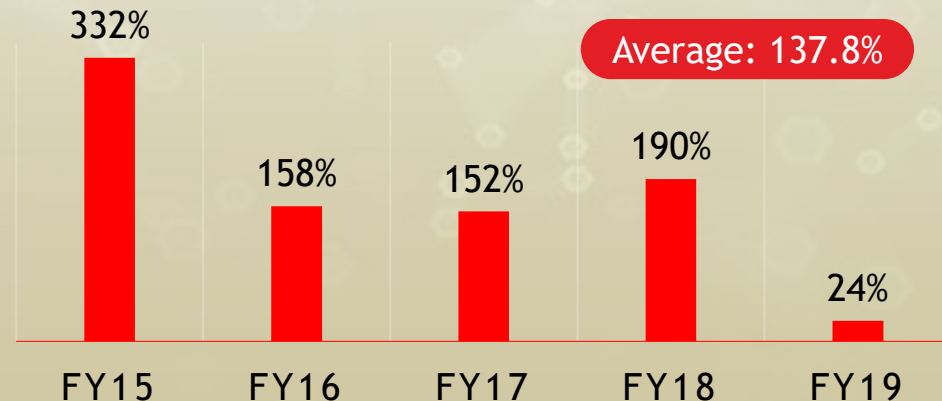
### NET TANGIBLE ASSET TURNOVER (X)



### Working capital



### CASH CONVERSION RATIO

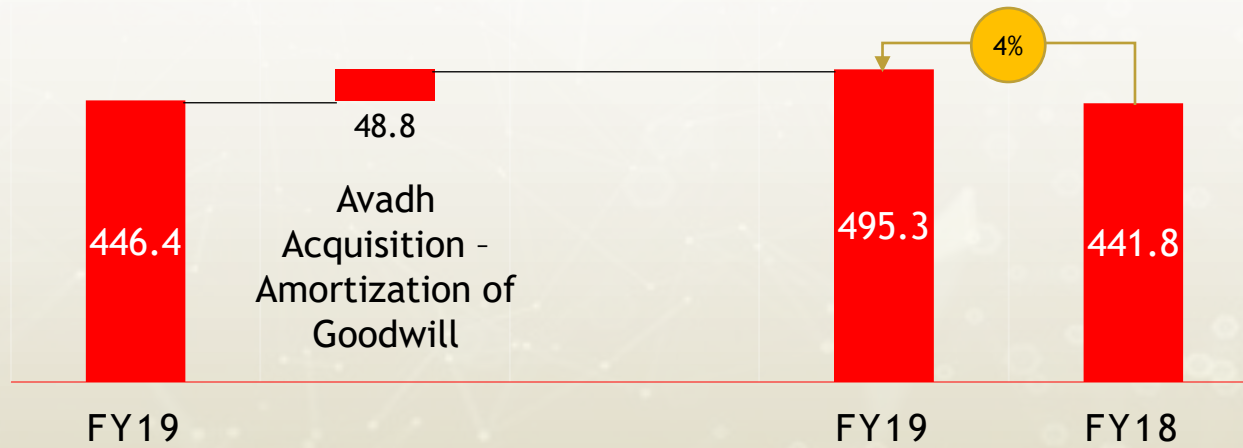


Note - FY 19 is abnormal as to take price advantage on Packing Material, we made the early payment to creditors and increase level of inventory, which resulted in Higher working capital cycle and lower cash conversion.

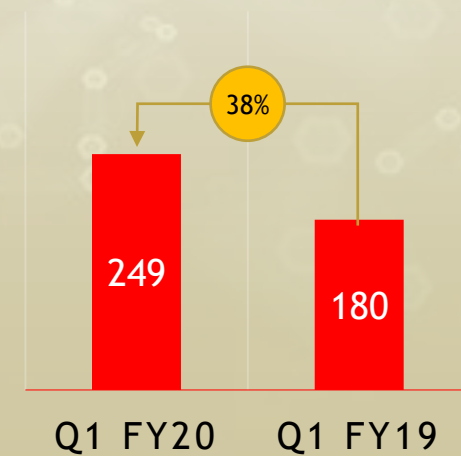
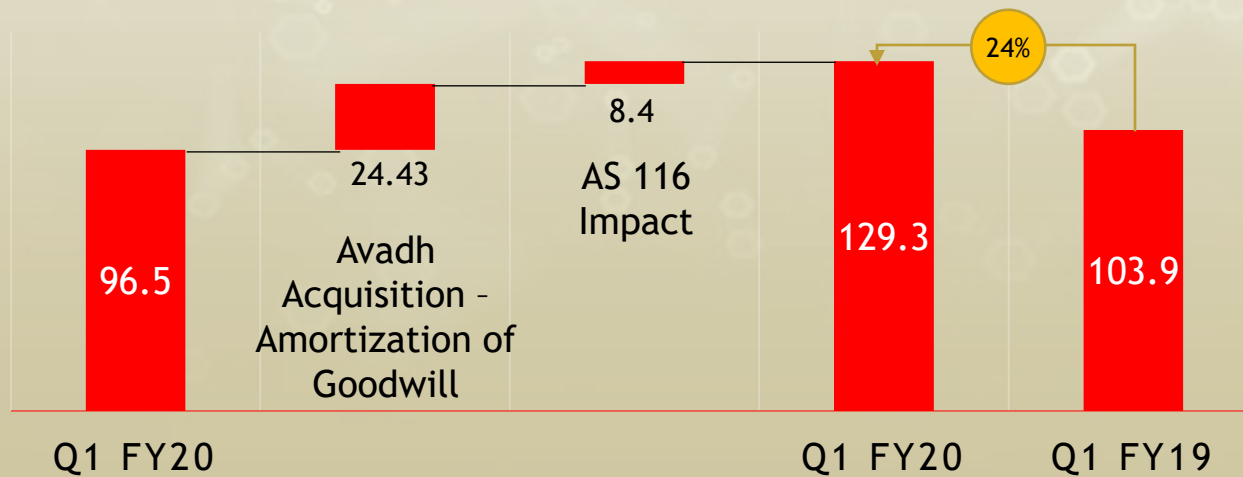
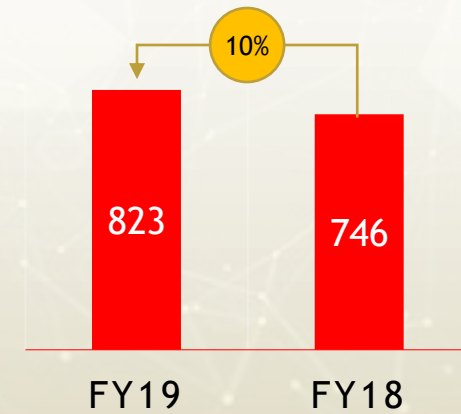
# Impact of Avadh Acquisition & AS 116



Rs. mn



Cash PAT



Reported PAT

Adjusted PAT



## 4. Governance



# Governance is an Area of Deep Focus



Independent Board comprising reputed professionals and investors representative

Professional management with number of years of relevant experience

Robust internal controls and processes

No related party transactions, except dividend and remuneration

Global best practices in compliance and regulatory protocols



# 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, Hello Agro and Haldiram Foods



**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, Hello Agro and Shivdeep Industries (Bikaji)



**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, Aavantika Gas and Universal Cables



## Sound Internal Controls

SAP (S4 Hana) as ERP

Strong Management reporting and tracking system

No related party transactions, except dividend and Remuneration

## Robust Practices & Protocols

Global best practices in compliance and regulatory protocols

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## 5. Acquisition of Avadh Snacks

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# About Avadh



Fastest growing and fourth largest snacks player in Gujarat



~6% market share in Gujarat, one of the largest markets



25.1% CAGR over the past 3 years



Avadh Snacks delivered a robust topline performance for FY19

## 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

# Rationale behind Avadh Acquisition



***Prataap Snacks acquired 80% equity stake in Avadh Snacks for Rs.148 Crore in October, 2018 with a 'call' option to buy remaining stake***

**Existing Yellow Diamond product portfolio complements Avadh's regional product portfolio of Namkeen and Fryums**

**The acquisition enables Prataap Snacks to deepen its presence in the key market of Gujarat which is the second largest market in India for salty snacks**

**None of the national players could make a dent in the Gujarat Market**

**Avadh will aid in distribution synergies across Gujarat and neighboring markets**

**Plan to launch Avadh products across India using Prataap's robust distribution channels**



# Unique Business model & Expansion plans



## Business Model

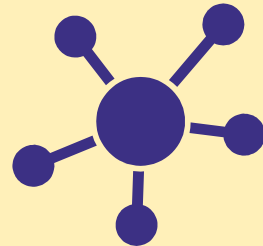


### Avadh has a Unique Business model

- 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 by Oct 2019

Pan India expansion using Prataap's existing distribution

To expand Avadh's products in neighboring markets initially

## 6. Sweet Snacks



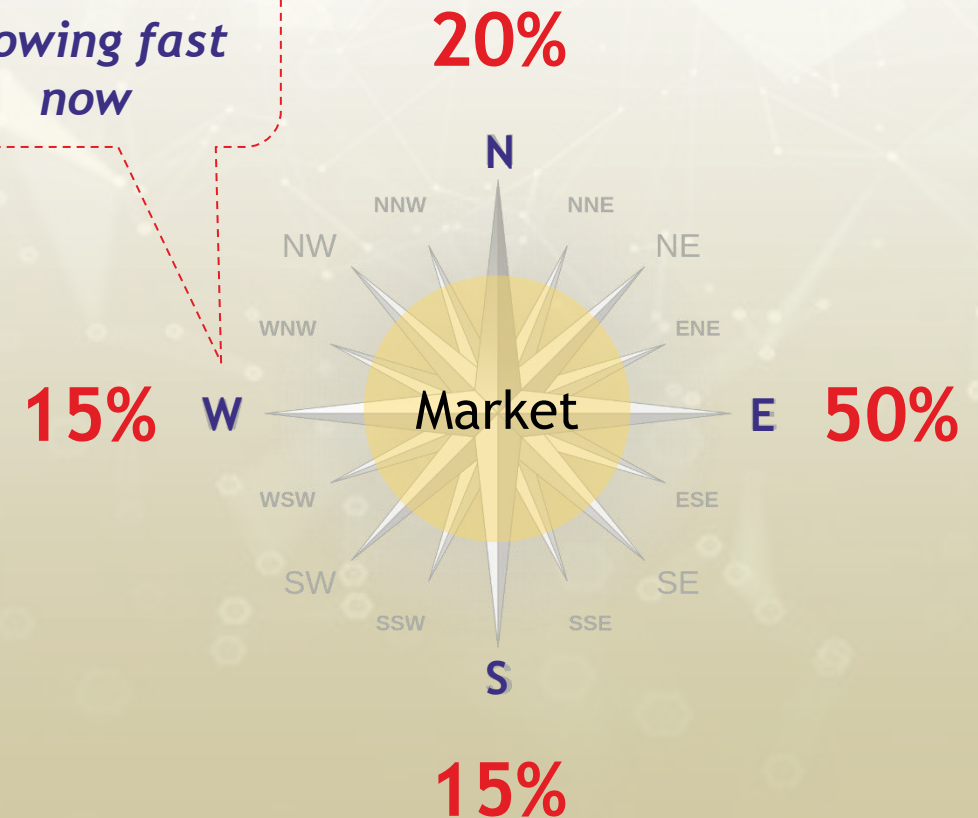


# Sweet Snacks Industry - Size, Growth, Key Players



## Market Share by Region

*West is growing fast now*



# 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

Coming soon...

## Tiffin Cake

- Chunk Cake with fruit cuts

## Layer Cake

- Layer of Sponge cake with filling

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



# Sweet Snacks - Synergies in the Portfolio



	Salty Snacks	Sweet Snacks
Price Points	Rs.5,10,20,40,80	Rs.5
Gross Margin	28-32%	33-38%
Volatility in RM prices	Medium - High	Low
Freight Cost % of Revenue	7-8%	4-5%

## ENHANCED ROI IN THE DISTRIBUTION NETWORK

	Salty Snacks	Sweet Snacks
MRP Value on Vehicle	16,000 - 20,000	30,000 - 35,000
Distributor margin ~7.5%	1,200 - 1,500	2,250 - 2,625
Variable Costs	Same	Same

### Key advantages

- Attractive gross margin profile
- Lower freight costs, less volatile raw material, product diversity
- Ability to enhance ROI in the distribution network
- Entry barrier as sweet snacks requires much higher expertise
- Great Go to Market (GTM) synergy with our salty snacks

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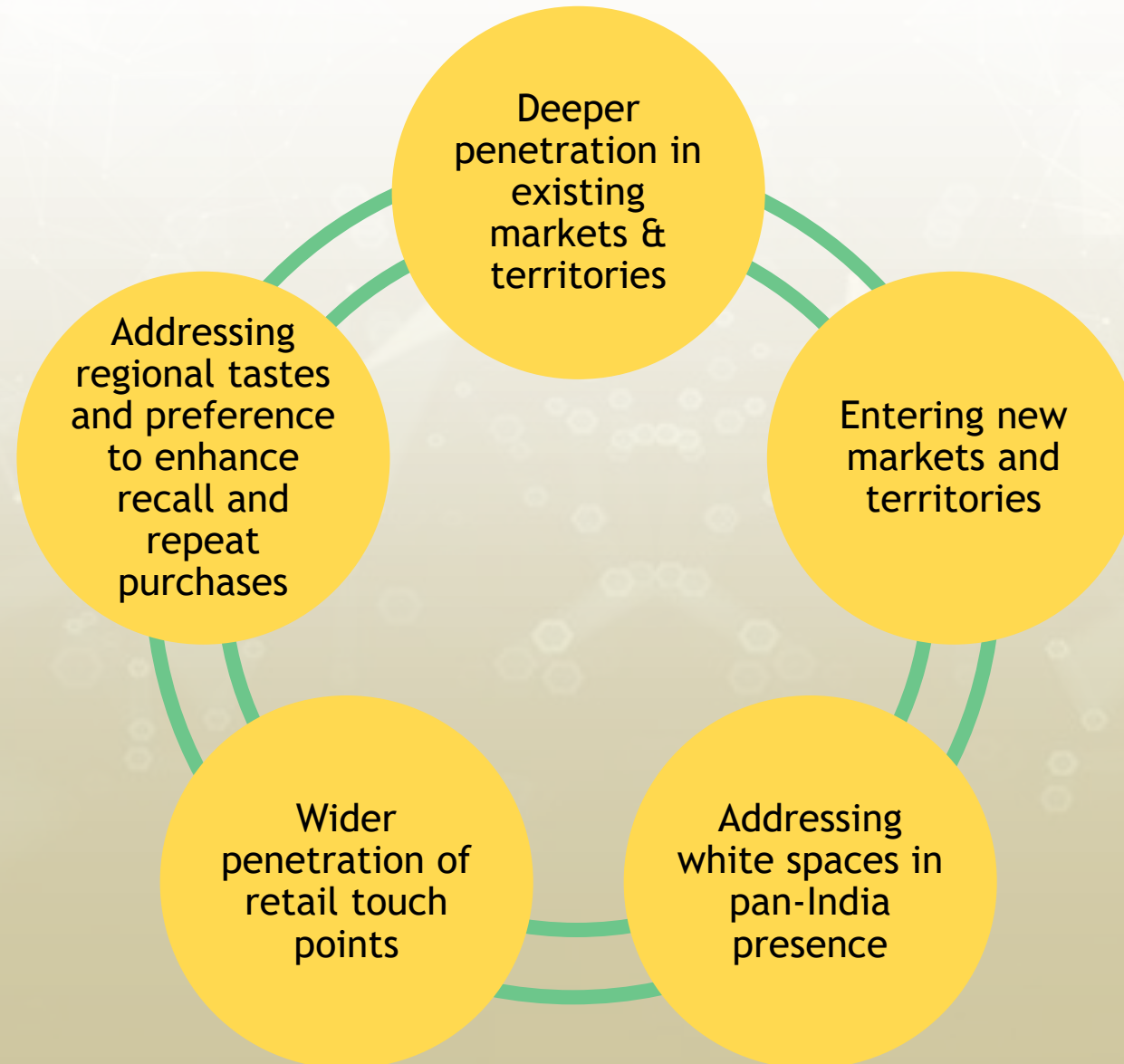
## 7. Creating Value for Shareholders

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# Growth Pillar 1: Continued Growth in Salty Snacks



# Growth Pillar 2: Growth in Avadh Portfolio



Avadh plant capacity to be increased by 100%

- Phase I of 50% capacity expansion expected to be completed by Oct 2019

Improving penetration and touch points in Gujarat and in neighboring markets



**Increasing market share in Gujarat.**



# Growth Pillar 3: Synergy for Yellow Diamond & Avadh



Avadh Snacks expertise in Gujarat enables Prataap Snacks to accelerate growth and deepen its presence in Gujarat, where it is keen to build a strong presence

- Best selling and popular Yellow Diamond products to leverage Avadh network to cover Gujarat market

Product portfolio of both companies are complementary, with a blend of regional and national flavours and variants across categories

Combined offering reverberates strongly with customers as well as trade partners

Avadh's extensive range of pellet based snacks to leverage Yellow Diamond manufacturing and distribution infra and be introduced pan-India

# Growth Pillar 4: Increase in products & Capacity for Sweet Snacks

Initial product line for sweet snacks has been well accepted in present territories

Sweet Snacks strategy focusing on our strengths

Sweet Snacks product range to be taken across entire distribution network

Recently commissioned two additional lines for Cup Cakes and Layer Cakes

Cup Cakes launched in test markets have received positive feedback

Launching Tiffin Cakes and Layer Cakes in H2FY20



**Significant  
advantages  
increasing  
Sweet Snacks  
portfolio**

Attractive gross margin profile

Lower freight costs

Less volatile raw material

Product diversity

Enhanced ROI to the distribution network



# Levers for Margin Improvement



## Raw material cost management

- Raw material and Packing material costs > 60% of total revenues
- Using enhanced facilities for potato storage reducing the risk of volatile prices
- Long term contracts for palm oil and packaging laminates to mitigate uncertainties



## Rationalising trade margins

- Decentralized 3P facilities enables to supply directly to distributors
- Constantly look to rationalize trade margins



## Leveraging benefits of scale

- Growth in the Prataap's portfolio and expansion in Sweet Snacks and Avadh will enable economies of scale, rationalisation of operational and distribution costs



## Changing product mix

- Increasing contribution from high margin sweet snack portfolio
- New product offerings tend to be margin accretive



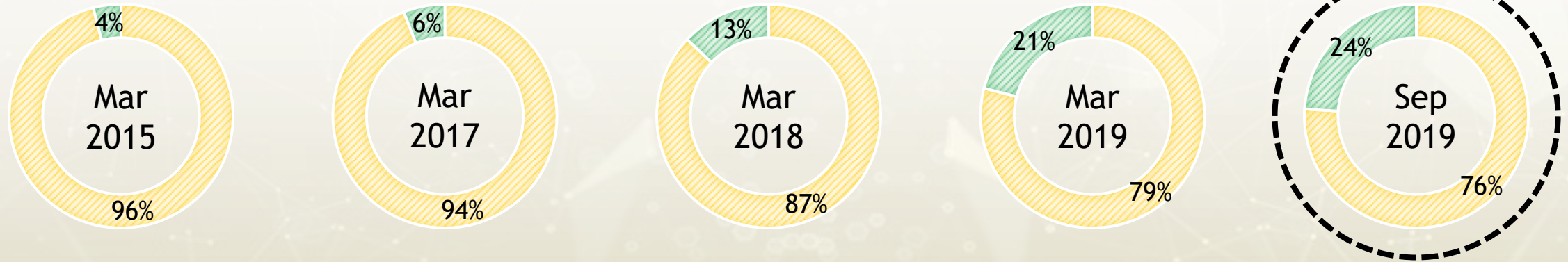
## Cost management initiatives

- Continuous efforts on Business process re-engineering
- Decentralized manufacturing facilities will help to optimize logistic cost with source of supply closer to market

# Transforming into Asset Light Model



Owned Facilities 3P Facilities



## Benefits of 3P Facilities

- Reduced capital cost
- Improved asset turn & efficiency
- Located close to key markets
- Enables faster ramp up of capacity
- Reduced transportation costs
- Faster replenishments in markets
- Similar margins
- De-risking from concentrated manufacturing and logistics risk

## Ensuring Tight Control

- Tie-ups post detailed background checks
- Prataap sources the raw materials
- Prataap QC teams on site
- Prataap Snacks manages logistics

# Rs 5 Price Point is and will be most important



- Rs.5 price point is the largest market
  - It consists more than 50% market share of organized snack industry
  - The conversion from unorganized to organized happens mostly through Rs.5
  - Even Rs.2 still as a relevant price point in the hinterland
- Prataap snacks is one of the largest players in this category
- Target audience consist of the SEC C & D category
  - For SEC C/D Kids, the money in bag will remain Rs.5 for impulse purchases
- Margin profile is similar to other price points
  - They enjoy a similar cushion against raw material volatility as other product price points





## 8. Key Takeaways



# Key Takeaways



- Packaged snacks is one of the few segments in FMCG showing strong growth tailwinds with significant potential for unorganised to organised shift
- Prataap has been amongst the fastest growing players in the packaged snacks industry over the last decade
- In addition to growth in core portfolio, expect growth to accelerate due to expansion in Avadh and Sweets Snacks
- Margins are structurally improving due to multiple levers with reduced volatility due to broadening product portfolio
- Improving asset turns with higher share of sales from outsourced facilities
- Independent and professional Board and stable management team



Thank  
You

