



# PRATAAP SNACKS LIMITED

Q4 & FY19 - Results Presentation

May 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



- 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

## NACHOS



- Made from corn tortillas
- Launched in Q4FY18
- SKUs: 4 flavours
- Target group: All

## YUM CAKE & COOKIE CAKE



- Cake centre filled with cream and Cake with chocolate
- SKUs: 4 flavour
- Target group: Children and Youth

## NAMKEEN & FRYUMS



- Namkeen and Fryums catering to local tastes
- SKUs: 55 varieties
- Target group: All

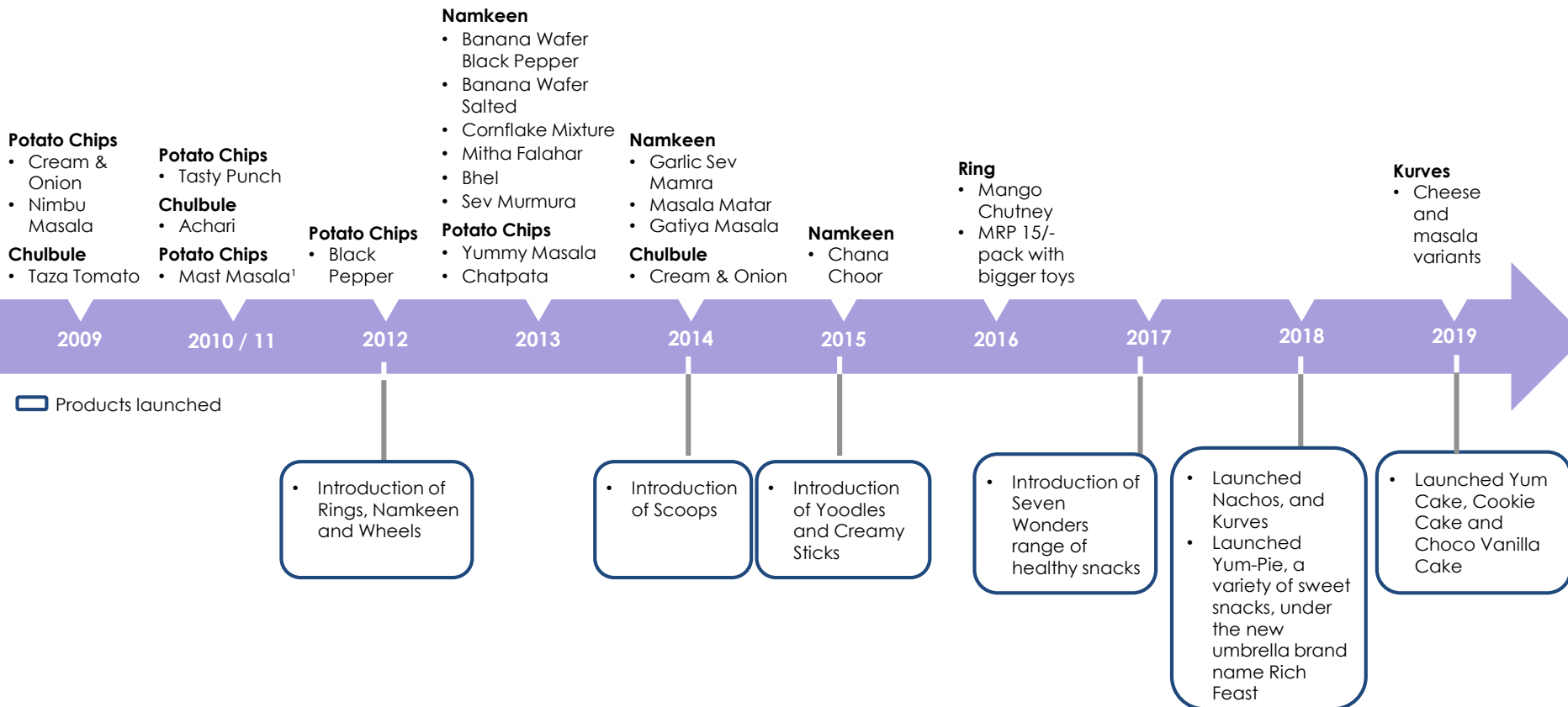
**Diverse product portfolio at strategic price points and pack sizes**

\*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***

# Pan India Presence



Strategically located Manufacturing facilities to cater the regional demand

## Hissar

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

## Kashipur

No. of Facilities	Products
1 - Contract Facility	Chips, Namkeen

## Indore

No. of Facilities	Products
2 - Owned	Chips, Extruded Snacks, Sweet Snacks, Pellets, Namkeen

Headquartered in Indore

## Rajkot

No. of Facilities	Products
1 – Owned	Pellets, Namkeen

## Ahmedabad

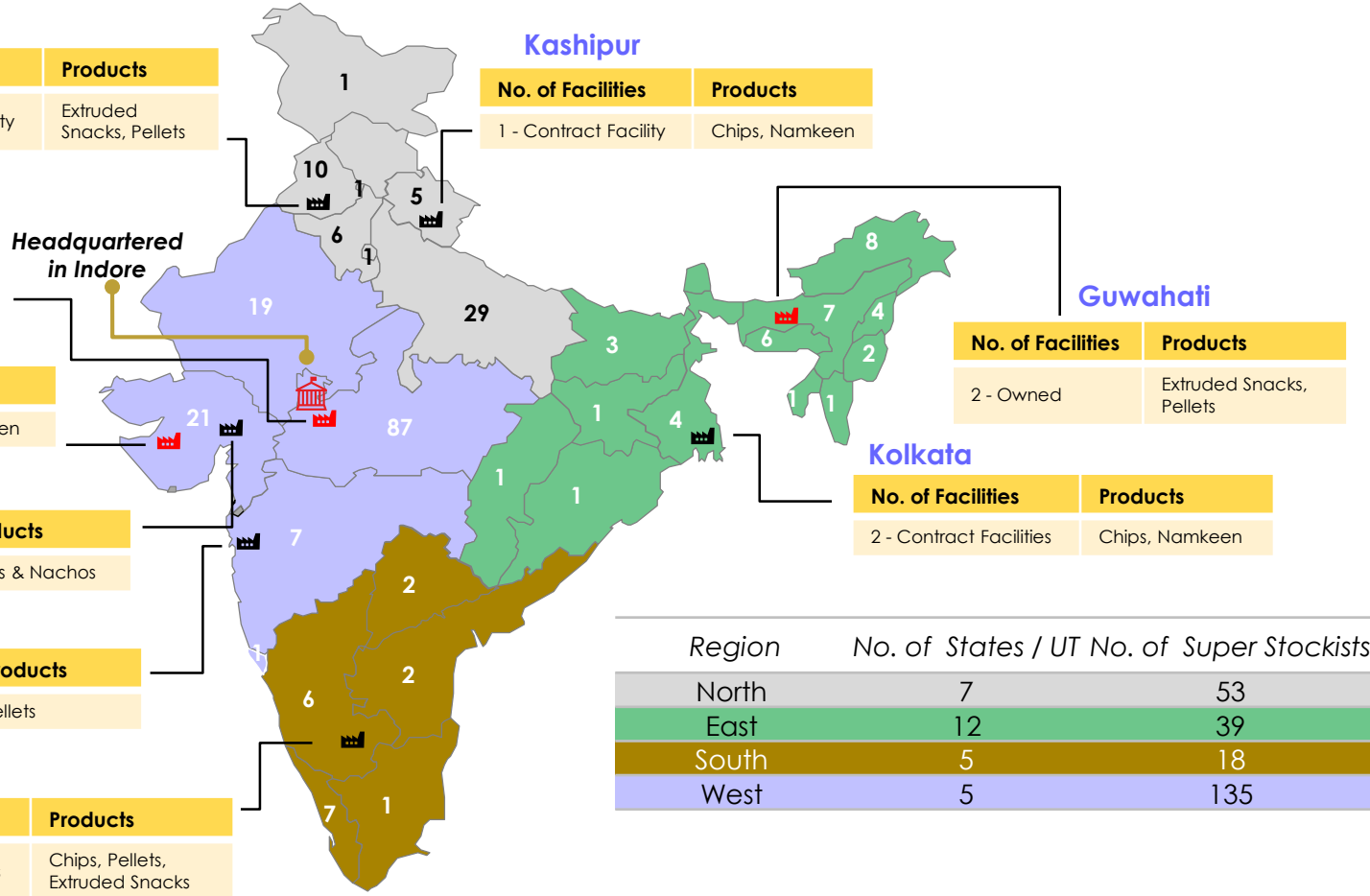
No. of Facilities	Products
2 – Contract Facilities	Chips & Nachos

## Karjat

No. of Facilities	Products
1 - Contract Facility	Pellets

## Bengaluru

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



## Guwahati

No. of Facilities	Products
2 - Owned	Extruded Snacks, Pellets

## Kolkata

No. of Facilities	Products
2 - Contract Facilities	Chips, Namkeen

Region	No. of States / UT	No. of Super Stockists
North	7	53
East	12	39
South	5	18
West	5	135

\*Includes one Union Territory, Map not to scale



# 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

## **Amit Kumat**

*Managing Director & CEO*

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

## **Apoorva Kumat**

*Executive Director (Operations)*

Over 22 years in the snacks foods 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*

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

## **Mr. V.T. Bharadwaj**

*Non-Executive Director*

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 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 Kumat**

*Executive Director (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

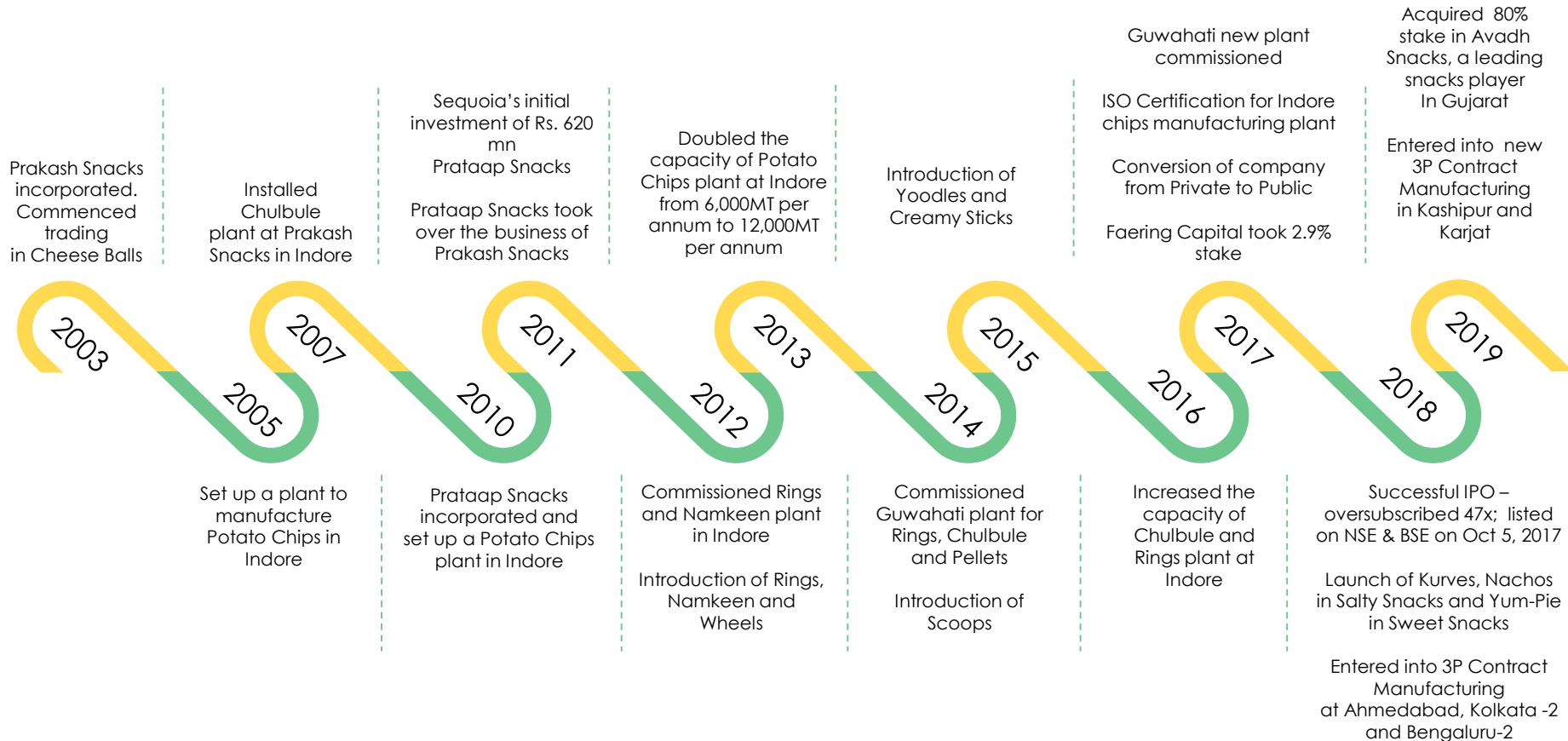


### **Sumit Sharma**

*CFO*

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

# Prataap Snacks' Evolution



Note: Fiscal year ended March



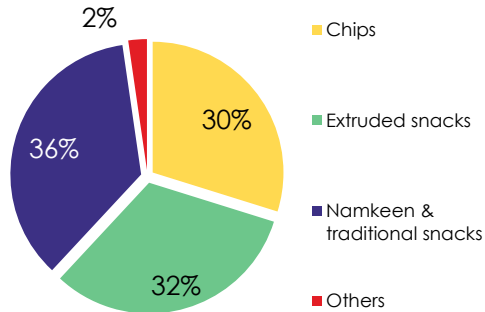
# Industry Overview

# Trends In The Indian Organised Snacks Market



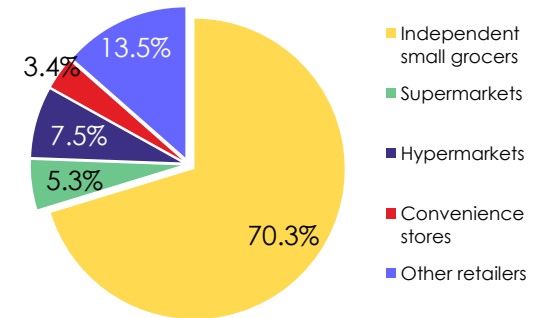
Organized snack market valued at Rs.220 Bn represents only ~40% of Rs.550 Bn total snack market

Category/ product\*\*



- Each of these product segments enjoys high demand and contributes to almost a third of the market

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

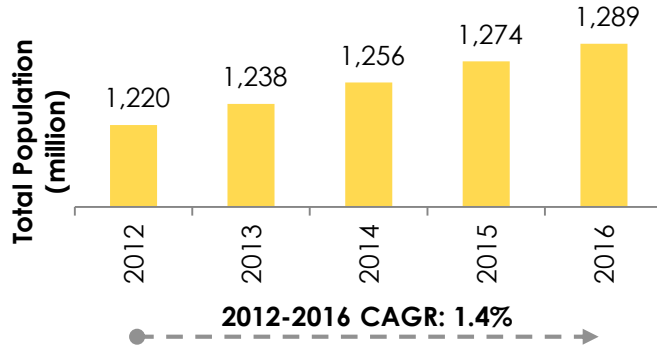
\* Source: Edelweiss PIR Report May 2019

\*\* Source: Frost & Sullivan report 2017

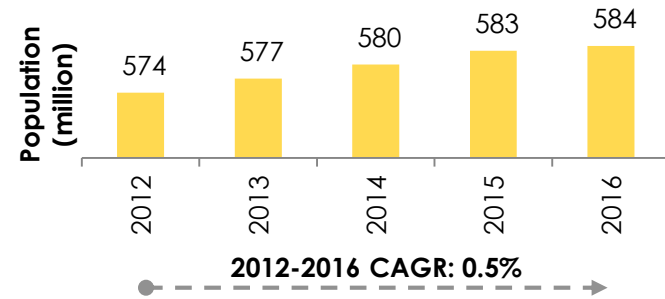
# Backed By Strong Demographic Tailwinds in India



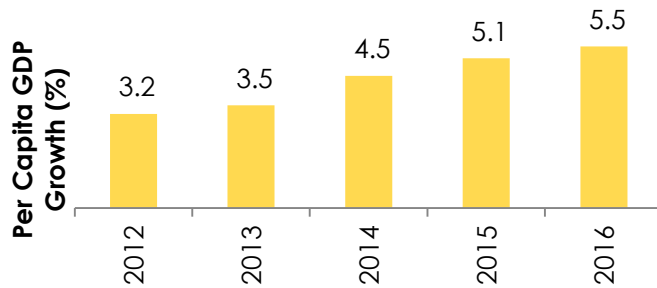
### Large and Growing Population



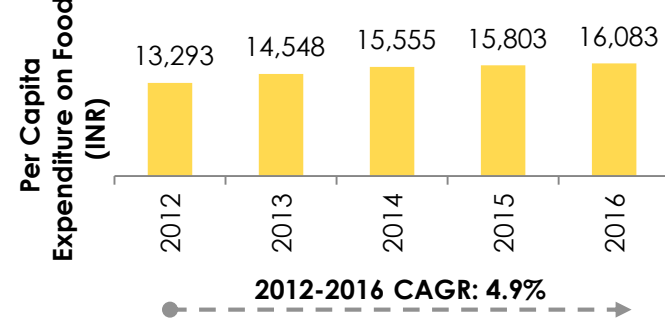
### Rising Population of Youth and Children<sup>1</sup>



### 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- Unlocking Synergies



# Synergies from Avadh Snacks

- Avadh Snacks delivered robust growth in topline and profitability for Q4 and the period ended FY19
- Gujarat is the biggest salty snacks market in the country and an important market for Prataap Snacks to increase its market presence
  - Distribution synergies and brand salience of Avadh Snacks will help Prataap expand its presence within Gujarat
- Avadh Snacks has helped strengthened the overall portfolio of Prataap Snacks
  - Product portfolio of Prataap Snacks and Avadh Snacks complement each other with a mix of regional and national flavors & variants across categories
- Avadh Snacks is set to penetrate deeper into its home market and neighbouring districts
- PSL is taking Avadh's pellet products outside Gujarat using its strategically located manufacturing facilities and leveraging on its distribution team



# 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



# Q4 & FY19 Results Performance



# Operational Overview

- In Q4FY19, PSL's organic revenues (including revenues from Sweet Snacks in wholly owned subsidiary Pure 'N' Sure Foods) were marginally higher on a yoy basis.
  - To enable this like for like comparison, Rs. 7.9 crore of Government grants relating to earlier years which were part of other Operating income in Q4FY18 have been excluded.
- The company has focused efforts to ensure a successful and seamless integration of Avadh and the portfolio of Avadh Snacks has continued its growth momentum during the quarter
- Sweet Snacks portfolio is being well accepted in the market resulting in good momentum
- The Company has implemented initiatives to enhance efficiencies and optimise costs to partly mitigate impact of rising raw material / packaging material prices



# Financial Overview

## In Q4 FY19, PSL reported:

- Revenue of Rs. 3,065.3 million, delivered double digit growth of 11.8% yoy
- Operating EBITDA grew by 8.4% yoy to Rs. 223 million, translating to a margin of 7.3%
- PAT for the quarter stood at Rs. 137.1 million
- EPS (Diluted) was at Rs. 5.84 per share in Q4FY19
  - PAT and EPS were impacted by enhanced depreciation on intangible assets created due to acquisition of Avadh Snacks
- Cash Profits for the quarter were higher at Rs. 247.3 million as compared to Rs. 180.9 million in Q4FY18
- The Board recommended a Final Dividend of Rs. 1 per share (FV Rs.5) for FY19 subject to approval of the shareholders in the ensuing Annual General Meeting

# MD & CEO's Message



## **Commenting on Q4 & FY19 performance, Mr. Amit Kumar - Managing Director & CEO, Prataap Snacks Limited said:**

*"Over last 15 years, Yellow Diamond has evolved into a national brand in the Indian Snack Foods industry with a diversified product portfolio of over 100 SKU's across multiple categories with a truly pan-India presence. Even as we made progress in major markets, one key geography where we always endeavored to build a dominant presence was Gujarat, the largest snacks food market in India. To fulfill that ambition, we acquired Avadh Snacks in Q3, the fourth largest salted snacks player in Gujarat. The acquisition gives us access to Avadh's well entrenched distribution network in Gujarat, which is being leveraged for Yellow Diamond products too. In addition, Avadh gives us a complementary product portfolio of 'Pellet Snacks' which we are looking to sell in markets outside Gujarat. This was the maiden acquisition in our history and in we have focused our efforts to ensure a successful and seamless post-merger integration. We are happy to report that the effort is yielding good results.*

*Even as the Avadh portfolio has progressed well, the organic Yellow Diamond portfolio faced certain challenges. While most of our product segments have done well, Rings performance was below expectations and has pulled down the overall growth. We are working on strategies and are confident of reverting to a similar kind of growth trajectory delivered in the past.*

*We are excited with the encouraging response for our sweet snacks portfolio. The Cookie Cake product is being well accepted in the market and we are witnessing good traction. Considering this we are expanding production capacity for sweet snacks by adding more lines in the existing plant. In addition we plan to launch variants like Cup Cake and Tiffin Cake in the coming months, which will further elevate the growth of this segment in FY20."*

# Abridged P&L Statement



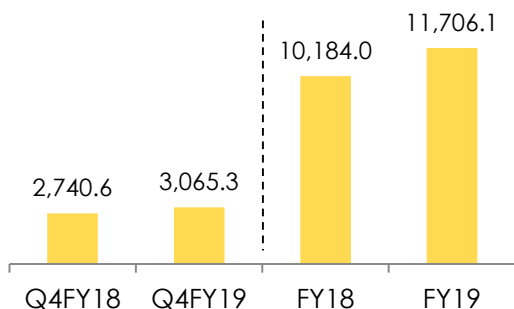
Particulars	Q4FY19	Q4FY18	Y-o-Y Change (%)	FY19	FY18	Y-o-Y Change (%)
<b>Income from Operations</b>	3,065.3	2,740.6	11.8%	11,706.1	10,184.0	14.9%
Raw Material Cost	2,176.8	1,821.5	19.5%	8,204.2	6,862.0	19.6%
<b>Gross Profit</b>	888.5	919.1	-3.3%	3,501.9	3,321.9	5.4%
<b>Gross Margins</b>	29.0%	33.5%*	-450 Bps	29.9%	32.6%*	-270 Bps
<b>EBITDA</b>	223.0	205.8	8.4%	832.2	869.3	-4.3%
<b>EBITDA Margins</b>	7.3%	7.5%	-20 Bps	7.1%	8.5%	-140 Bps
Depreciation	110.3	80.1	37.7%	376.4	304.2	23.7%
Interest	5.2	4.2	23.8%	8.6	29.0	-70.3%
<b>Profit After Tax</b>	137.1	100.8	36.0%	446.4	441.8	1.0%
<b>EPS (Diluted) in Rs.</b>	5.84	4.30	35.8%	19.03	19.92	-4.5%

CONSOLIDATED FINANCIALS, IN RS. MILLION EXCEPT AS STATED

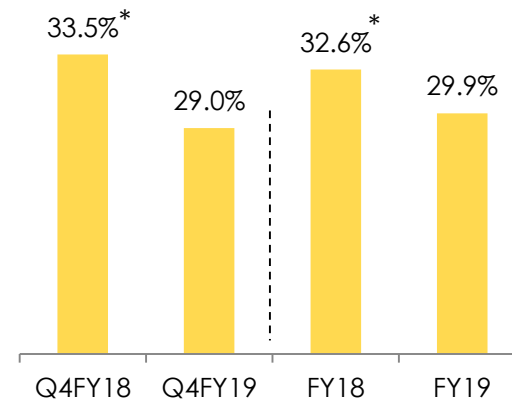
\* Gross Margin for Q4FY18 and FY18 includes Rs. 78.7 million being one-time Government Grants for earlier years received in Q4FY18

# Financials – Q4 & FY19 Performance

## Sales / Income from Operations



## Gross Margin (%)



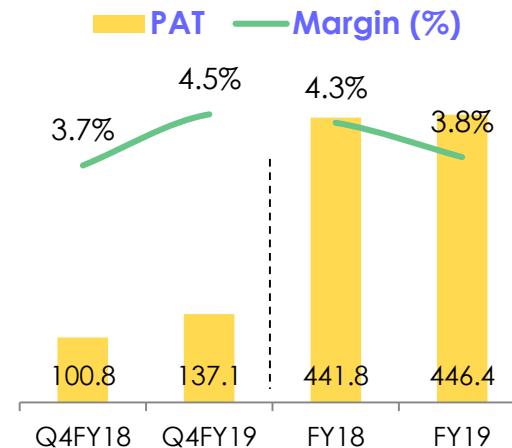
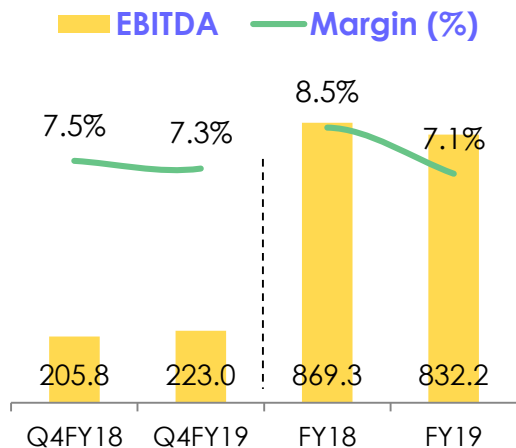
- Income from operations in Q4FY19 grew by 11.8% yoy to Rs. 3,065.3 mn on account of consolidation; In FY19 Income from operations were higher by 14.9% yoy at Rs. 11,706.1 mn
- Gross margins were at 29.9% in Q4FY19 due to impact from increase in key raw material prices
  - This was partially mitigated through cost optimization initiatives and improving product mix

CONSOLIDATED FINANCIALS, IN RS. MILLION

\* Gross Margin for Q4FY18 and FY18 includes Rs. 78.7 million being one-time Government Grants for earlier years received in Q4FY18



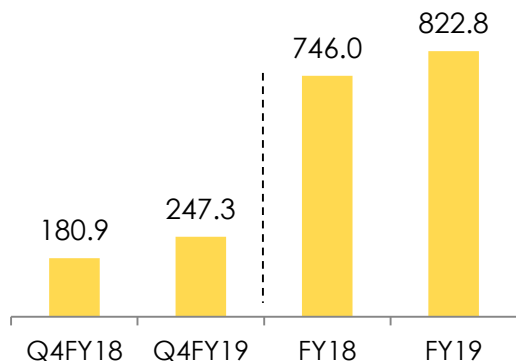
# Financials – Q4 & FY19 Performance



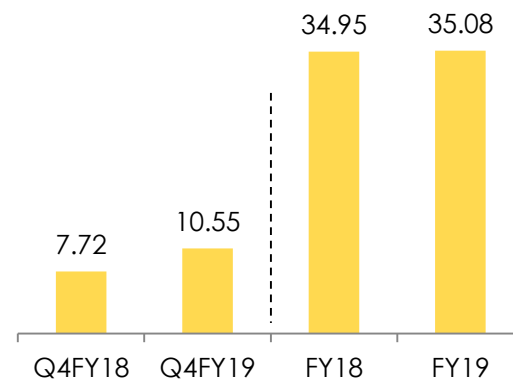
- EBITDA grew by 8.4% yoy to Rs. 223.0 mn , whereas the EBITDA for FY19 was at Rs. 832.2 mn
- PAT increased to Rs. 137.1 mn for Q4FY19 and to Rs. 446.4 mn for FY19
  - PAT growth for FY19 would have been even higher; impacted by enhanced depreciation on intangible assets created upon acquisition of Avadh Snacks

# Financials – Q4 & FY19 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

# Avadh Acquisition Accounting

- The company completed the acquisition of Avadh Snacks Private Limited in Q3 and the accounting for the business combination has been done, as per details mentioned below:

Particulars	Amount in Cr.
<b>Purchase Consideration</b>	
Cash	148.00
Contingent Deferred Consideration	68.58
<b>Total Consideration</b>	<b>216.58</b>
<b>Assets and Liabilities acquired</b>	
Net Tangible Assets	46.30
Intangible Assets (Other than Goodwill)	195.40
Goodwill	46.11
Deferred Tax Liability	(71.23)
<b>Total Asset and Liabilities acquired</b>	<b>216.58</b>

Contingent Deferred Consideration is the amount estimated by the Independent Professional Valuer for accounting purpose only

- The Company has accounted for the business combination as at the acquisition date in accordance with para 45 of Ind AS 103 'Business Combinations'
- The company has recognised deferred tax liability on the difference between value of assets in Avadh books and the fair value as determined by Independent Professional Valuer
- As per IndAS38, the Intangible Assets (other than Goodwill) are being amortised over a period of 20 years and a proportionate amount has been charged to the statement of profit and loss for FY19 under the head depreciation and amortisation expenses.

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



Thank You