

ISSUE Details	
Listing	NSE & BSE
Open Date	22/09/2017
Close Date	26/09/2017
Price Band	930-938

Capital Structure (In Cr)	
Sh. pre-IPO	2.1
Fresh issue	0.2
Offer for Sales	0.3

Shareholding %		
	Pre	Post
Promoters	100.0	73.0
Public	00.0	27.0
Total	100.0	100.0

Established in 2009, Indore-based Prataap Snacks (Prataap) is an Indian snack food company selling products under the brand name "Yellow Diamond". Prataap Snacks has a diversified product portfolio including traditional and western snacks. Prataap manufactures and sells snacks under three major snack food categories:

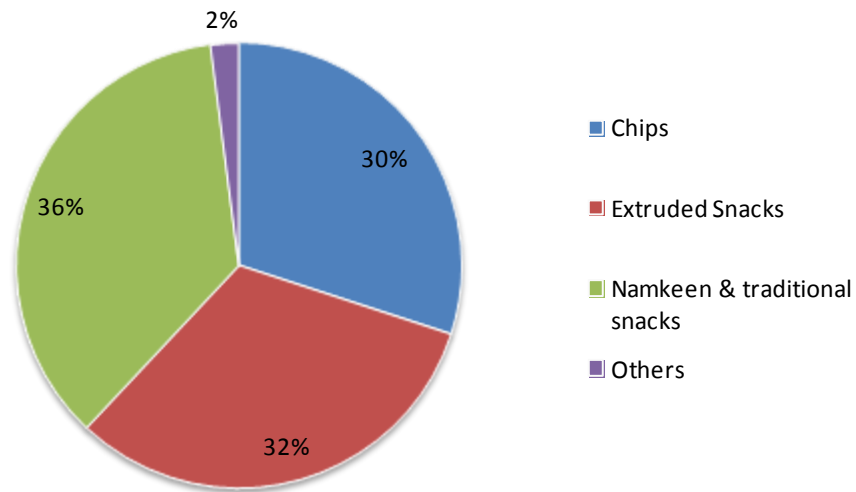
- 1. Extruded Snacks:** Processed, reconstituted and shaped potato or cereal based snacks. This includes Puffs, Rings, Pellets and Chulbule products.
- 2. Chips:** Fried, sliced chips or crisps made from potatoes, hummus and lentils.
- 3. Namkeen:** Traditional savoury Indian snacks which includes products such as moong dal, masala or fried nuts, sev and bhujia.

Extruded Snacks, Chips and Namkeen contributed 62.99%, 23.85%, and 12.23% of the topline, respectively, in 2017. Prataap Snacks has a pan-India distribution network backed by strategically located manufacturing facilities. Its 3 manufacturing facilities are located at Indore & Guwahati (2 plants), Assam. It has a distribution network of 205 super stockists and over 3,400 distributors. Prataap is ranked among the top 6 player in the Indian snack market.

### Key Investment Highlights:

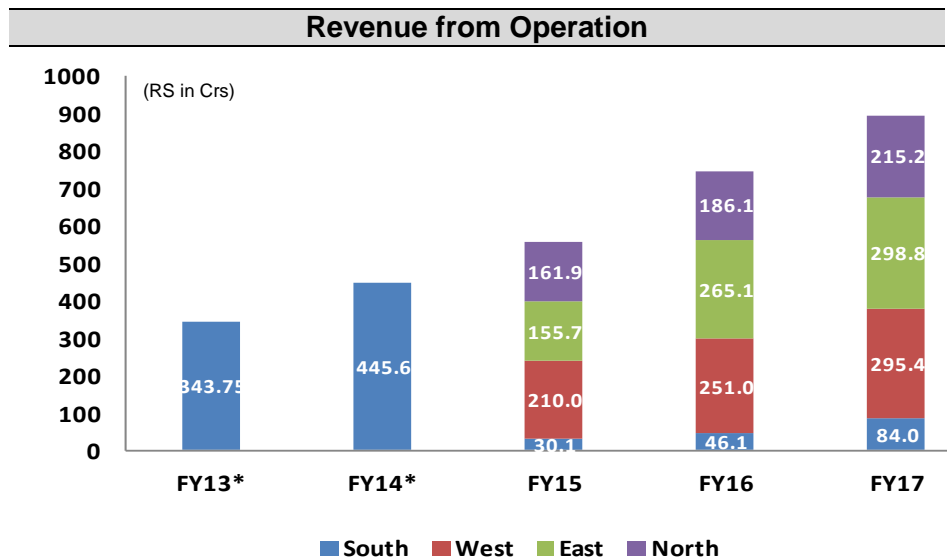
#### **Innovation driven diversified product portfolio:**

The company has a diversified product portfolio which includes traditional Indian snacks as well as western snacks. Prataap has the capacity to develop innovative snacks products, strengthened by strategically located manufacturing and wide distribution reach. This facilitates minimal time-to-scale and has enabled them to generate revenues of ₹ 1 billion from each of the key products, i.e., Potato Chips, Chulbule, Rings, and Namkeen within a few years of their launch.



### Value proposition for consumers:

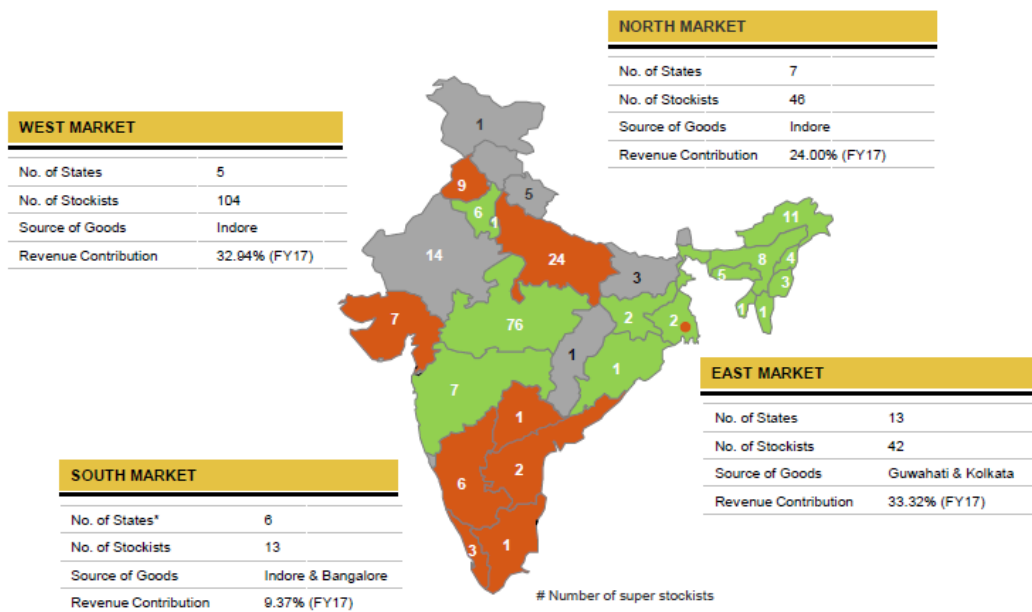
The company's brand philosophy emphasizes on delivery of maximum value to consumers and is reflected in the marketing campaign "Dildaar Hain Hum". It believes that the relatively high grammage and consequent value proposition that is offered to the price conscious middle-class Indian consumers form a large proportion of the consumer market in India for snack products, which has been an important factor in the growth and acceptance of the brand and market share, particularly in the urban, semi-urban and rural markets in India. The company's ₹ 5 SKUs offers up to 25% more grammage per pack compared to the market leader at an overall level across various snack segments.



\*Segmental revenue breakup not available for FY13 & FY14  
Source: RHP

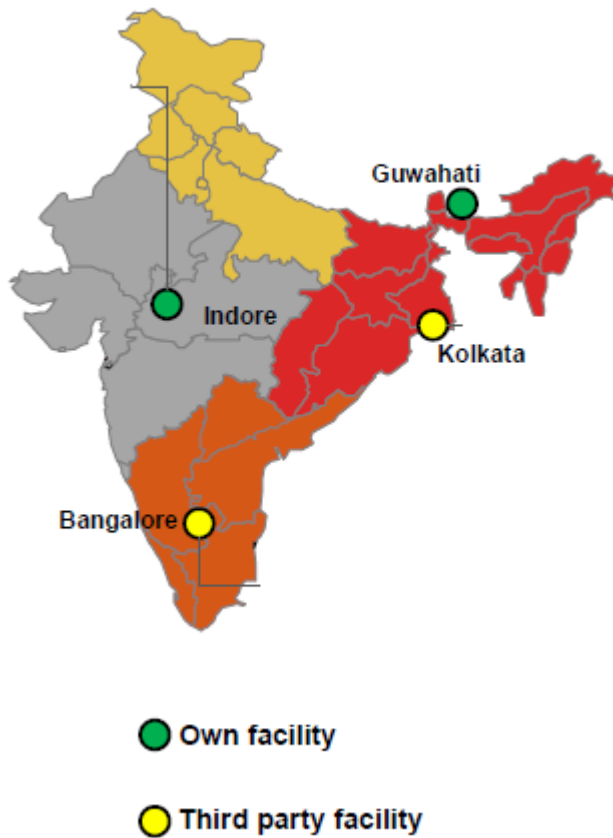
### Strategic supply chain for a pan-India distribution network:

The company has a pan-India presence. Its wide spread and integrated sales & distribution network enables effective market penetration. As of June 30, 2017, company had appointed super stockists in 26 States and one Union Territory in India, with a distribution network comprising of 218 super stockists and over 3,500 distributors.

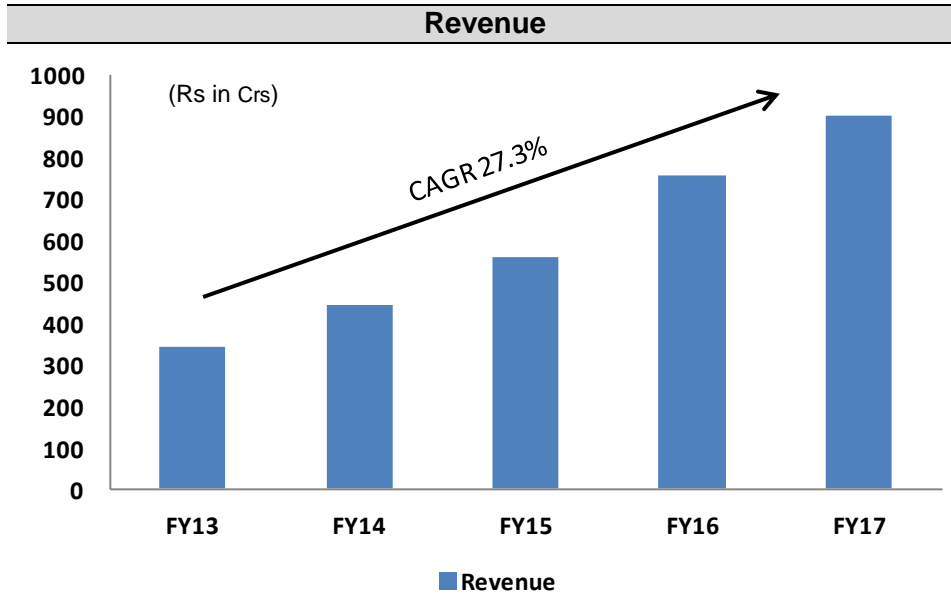


### Strategically located manufacturing facilities:

The Company owns and operates three manufacturing facilities across India. One of these manufacturing facilities is located at Indore in Madhya Pradesh while the other two are located at Guwahati in Assam. As of July 31, 2017, the aggregate estimated installed capacity for these owned and operated manufacturing facilities was 80,500 MTPA. Prataap has engaged two facilities on a contract manufacturing basis, located at Bengaluru, Karnataka and at Kolkata, West Bengal. As of July 31, 2017, the estimated installed production capacity of the Bengaluru contract manufacturing facility was 4,260 MTPA. Its manufacturing facilities are strategically located, near key markets and raw material supplies, thereby ensuring cost-efficiencies in procurement of raw material as well as transportation of finished products through super stockists and distributors, and enabling the company to leverage economies of scale.

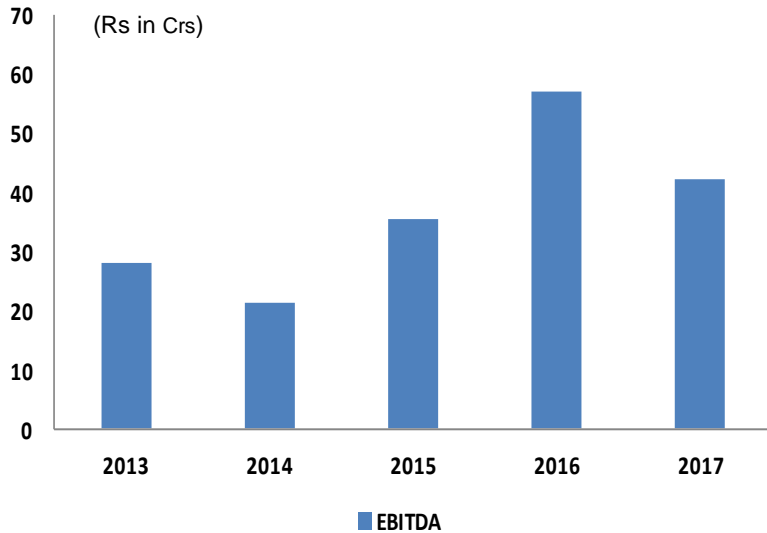
**Key takeaways:**

- Category-wise, its Rs 5 SKU contributed 80% of revenues. Further having a pan India presence the revenue source is extremely granular and portends a formidable entry barrier for other local competitors.
- Last, the company has made a Greenfield project investment of Rs 10-12 crores in Indore for its chocolate segment which is expected to deliver the turnover of 110 crores.
- Prataap's revenue has grown by 19.4% to 903.9 crores in FY17 from 757.2 crores in FY16. On the EBITDA front, it registered a fall of 25.9% from Rs 57.2 crores to Rs 42.4 crores in FY17. The PAT declined drastically from Rs 27.4 crores in FY16 to Rs 9.9 crores in FY17.

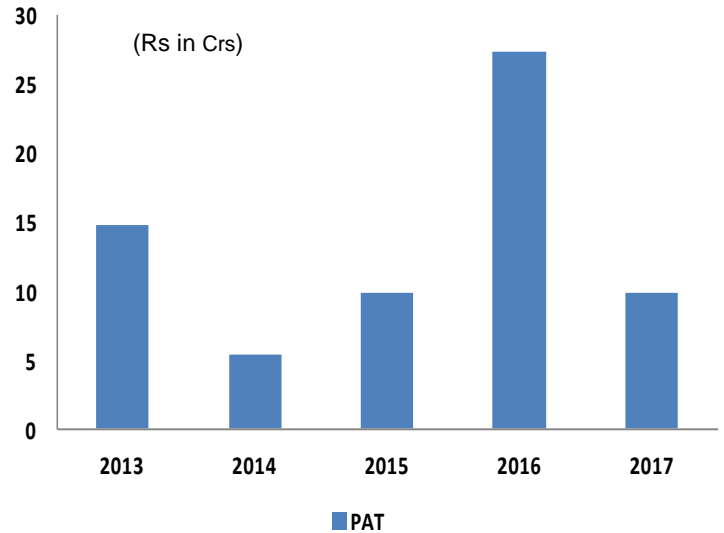


Source: RHP

### Operational Profitability



### Profitability



Source: RHP

Source: RHP

### Issue Structure & Valuation

The proposed Prataap Snacks Ltd issue is for an aggregate amount of Rs 200 crores (21,321,96 shares) by way of fresh Issue of Shares and also an Offer of Sale of Rs. 281 crores (305,770 shares) by existing share holders. This is being offered to the public at a price range of Rs 930 per share (lower price band) to Rs 938 per share (upper price band).

Category	No. of shares Offered	Percentage of Shares Offered
QIB	1410787228	50%
Non institutional Bidders	423236168	15%
Retail	987551060	35%
Total	2821574456	100%

The valuation on a trailing basis works out to 222 and 220 FY17 PE at the upper and lower band of 930 and 938 respectively. Subscribe for listing gains.

**SWOT ANALYSIS :**

<p style="text-align: center;"><b><u>STRENGTH</u></b></p> <ul style="list-style-type: none"> <li>• Leading player in the East Zone</li> <li>• Pan-India presence</li> <li>• Diversified product portfolio</li> <li>• Successful track record and professional management</li> </ul>	<p style="text-align: center;"><b><u>WEAKNESS</u></b></p> <ul style="list-style-type: none"> <li>• Snack food market is highly competitive</li> <li>• Outstanding legal proceeding against the company and group company</li> <li>• Actual / alleged contamination of products can result in legal liability and damage reputation</li> </ul>
<p style="text-align: center;"><b><u>OPPORTUNITY</u></b></p> <ul style="list-style-type: none"> <li>• Deeper penetration in existing markets</li> <li>• Exploring new territories</li> <li>• Expand and modernize production capabilities</li> <li>• Expand portfolio into healthier snacks segment and confectionaries</li> </ul>	<p style="text-align: center;"><b><u>THREAT</u></b></p> <ul style="list-style-type: none"> <li>• Large number of unorganized players</li> <li>• Threat from foreign competitor with substantial financial resource and greater market penetration</li> <li>• Change in consumer preference</li> </ul>

**Profit and Loss (Rs. In crore)**

Particulars	FY13	FY14	FY15	FY16	FY17
<b>Revenue</b>					
Revenue from Operations	343.8	445.6	558.8	757.2	903.9
Other Income	0.7	1.2	1.8	0.7	1.5
<b>Expenses</b>					
Operational Expenses	238.2	310.8	380.8	497.6	619.3
Cost of goods sold	2.6	17.7	23.2	24.6	17.4
Employee benefit Expenses	5.5	8.9	13.7	18.7	25.3
Other Expenses	70.0	88.1	107.2	159.8	201.2
<b>Total</b>	<b>316.2</b>	<b>425.5</b>	<b>524.9</b>	<b>700.7</b>	<b>863.0</b>
<b>EBITDA</b>	<b>28.3</b>	<b>21.4</b>	<b>35.6</b>	<b>57.2</b>	<b>42.4</b>
Depreciation and Amortization Expenses	6.8	11.7	15.3	18.0	25.0
<b>EBIT (Incl. OI)</b>	<b>21.4</b>	<b>9.7</b>	<b>20.3</b>	<b>39.2</b>	<b>17.4</b>
Finance Cost	3.6	4.7	6.3	5.9	4.5
Exceptional Item	0.0	0.0	1.0	5.8	0.0
<b>PBT</b>	<b>17.8</b>	<b>5.0</b>	<b>13.0</b>	<b>27.6</b>	<b>12.9</b>
Tax Expenses	3.0	-0.4	3.1	0.2	3.0
Share of loss of associate	0.0	0.0	0.0	0.0	0.0
<b>Net Income</b>	<b>14.9</b>	<b>5.4</b>	<b>9.9</b>	<b>27.4</b>	<b>9.9</b>



**Balance Sheet (Rs. In crore)**

Particulars	FY13	FY14	FY15	FY16	FY17
<b>EQUITY AND LIABILITIES</b>					
Share Capital	1.3	1.5	1.5	1.5	3.1
Reserves and surplus	145.6	175.8	188.1	215.8	235.3
<b>Sub-Total</b>	<b>146.9</b>	<b>177.3</b>	<b>189.6</b>	<b>217.2</b>	<b>238.3</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Non Current Liabilities</b>					
Long Term borrowings	18.7	16.5	7.9	21.0	38.9
Deferred tax liability	3.3	2.9	6.0	5.5	8.6
Long Term Provisions	0.2	0.3	0.6	1.0	1.7
<b>Sub-Total</b>	<b>22.2</b>	<b>19.7</b>	<b>14.5</b>	<b>27.6</b>	<b>49.1</b>
<b>Current Liabilities</b>					
Short Term Borrowings	11.0	21.8	24.2	26.4	26.8
Trade payables	23.9	39.9	49.7	55.2	77.3
Other Current Liabilities	17.5	21.1	21.0	14.8	35.4
Short Term Provisions	0.6	0.0	0.1	0.2	0.3
<b>Sub-Total</b>	<b>53.0</b>	<b>82.9</b>	<b>95.0</b>	<b>96.6</b>	<b>139.7</b>
<b>Total Liabilities</b>	<b>222.1</b>	<b>279.9</b>	<b>299.1</b>	<b>341.4</b>	<b>427.2</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	125.0	143.1	157.2	167.8	193.2
Intangible Assets	0.3	0.3	0.4	0.4	7.7
Capital Work-In-Progress	3.0	14.9	24.5	30.3	51.8
Intangible Assets Under Development	0.0	0.0	0.0	0.0	0.0
Deferred Tax Assets (Net)	0.0	0.0	0.0	0.0	0.1
Loans and Advances	11.7	27.8	31.0	40.2	45.5
Other Non-Current Assets	0.3	0.3	0.3	0.2	1.3
<b>Total Non - Current Assets</b>	<b>140.3</b>	<b>186.4</b>	<b>213.4</b>	<b>238.9</b>	<b>299.5</b>
<b>Current Assets</b>					
Inventories	42.4	52.3	57.6	68.5	78.9
Trade Receivable	3.7	11.6	13.6	18.3	19.7
Cash and Cash Balances	28.5	21.8	3.7	6.1	11.1
Loans and Advances	6.1	6.7	9.8	8.0	12.0
Other current assets	1.0	1.1	1.0	1.6	6.1
<b>Total Current Assets</b>	<b>81.7</b>	<b>93.4</b>	<b>85.8</b>	<b>102.5</b>	<b>127.7</b>
<b>Total Assets</b>	<b>222.1</b>	<b>279.9</b>	<b>299.1</b>	<b>341.4</b>	<b>427.2</b>

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