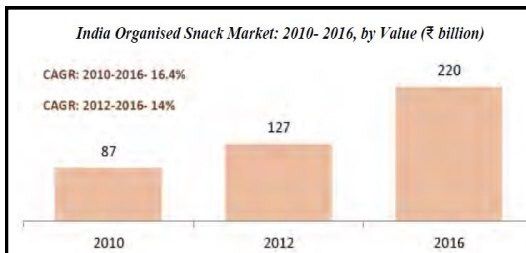


IPO UPDATE

Prataap Snacks Limited

Industry overview:

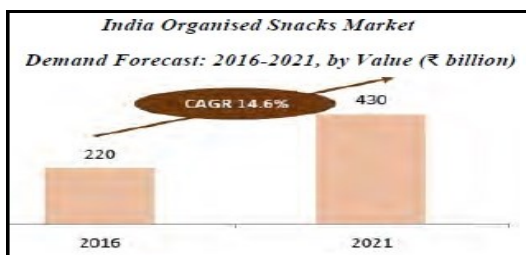
The Indian snacks market is Rs500bn which is characterized by a large number of unorganized players across all product segments. This is because traditionally, snacks can and are very specific to each region, and hence, many small companies cater to that market. These players have a slim portfolio of products, usually of a single category and in many cases only provide traditional snack items. They also operate in a small geographic range confined to a single state or city. Apart from this, there is a large presence of players that supply fresh products in chips and traditional Indian snacks categories.



Source: Red Herring Prospectus

Demand Forecast :

The market for organised snacks in India is estimated to grow at about 14.6% CAGR, between 2016 and 2021. Some of the segments such as chips, other savory and snacks (nuts and popcorn) are expected to witness only moderate growth of about 9-10% as they have already reached maturity with limited scope for new offerings. The market for namkeen is expected to witness the highest growth, at about 17.8% between 2016 and 2021. Shift from unorganised sector to the organised sector, and increasing penetration in Southern and Eastern markets will be the key driving factors for this market. Companies have responded to this growth by enhancing their production capacities across the country.



Source: Red Herring Prospectus

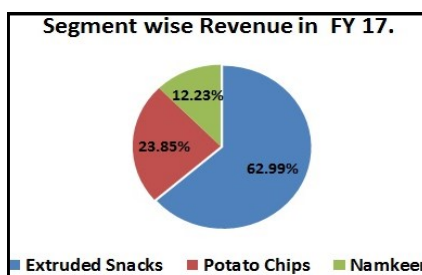
About the company:

Prataap Snacks limited (Prataap) was incorporated on 23rd March 2009 at Gwalior as a private limited company under the Companies Act, 1956. The company was one of the top six Indian snack food companies in terms of revenues in 2016, and among the fastest growing companies in the Indian organised snack market between 2010 and 2016.

The company is present in three major savoury snack food categories in India and all the products are sold under the Yellow Diamond brand. In Fiscal 2012, the Company acquired the snack foods business of its Group Company, Prakash Snacks Private Limited

The company has diversified product portfolio which consists of 3 categories:

- (a) Extruded Snacks
- (b) Potato Chips
- (c) Namkeen



Source: Red Herring Prospectus

SNAPSHOT

Issue Opens	Friday, September 22, 2017
Issue Closes	Tuesday, September 26, 2017
Price Band	Rs930 to Rs938
Bid Lot	15 shares and multiples thereafter
Face Value	Rs5
Listing	BSE & NSE
Type of Issue	Fresh Issue & Offer for Sale
No of Shares for Offer	Upto 21,32,196 for Fresh Issue Upto 30,05,770 for Offer for Sale
Offer Size	200cr for Fresh Issue 282cr for Offer for Sale
Implied Market Cap	2,150cr at higher price band
PE (based on FY17 earning)	217.3

Details of Selling Shareholder & No of Shares

Sequoia Capital India	13,17,093
SCG	3,69,451
SCI-GIH	94,266
Mr. Arvind Mehta	1,83,740
Mr. Amit Kumart	1,16,930
Other Promoters	9,24,290
Total	30,05,770

Issue allocation

Reservations	% of Net Issue
QIB	50%
NIP	15%
Retails	35%
Total	100%

Objects of the issue

- Repayment/pre-payment, in full or part, of certain borrowings by the company;
- Funding capital expenditure requirements in relation to expansion (including through setting up of a new production line and construction of a building) and modernization at certain of the existing manufacturing facilities;
- Investment in Subsidiary, Pure N Sure, towards enabling the repayment/pre-payment of certain of borrowings availed of by the Subsidiary;
- Marketing and brand-building activities; and
- General corporate purposes.

IPO UPDATE

Prataap Snacks Limited

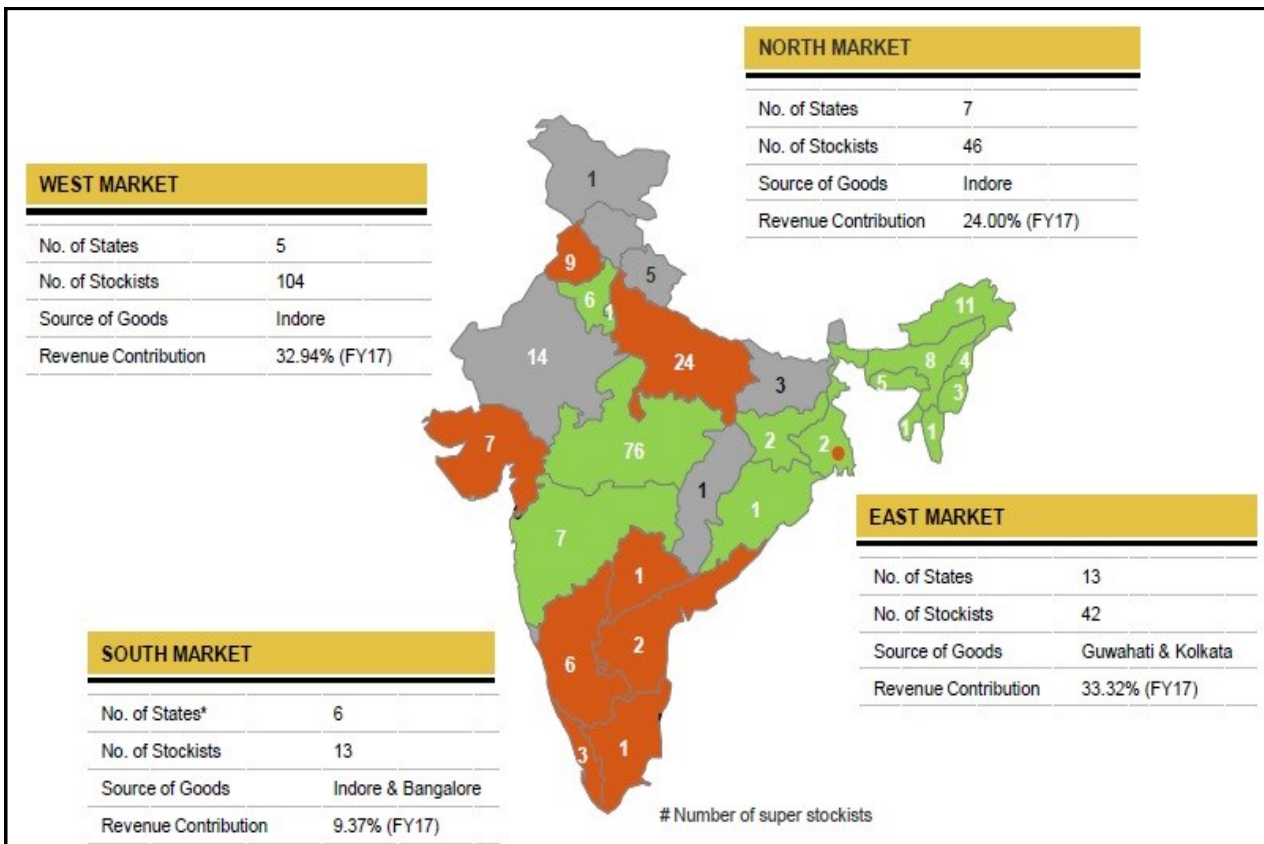
About the company: (contd...)

Product Portfolio :

POTATO CHIPS	CHULBULE*	RINGS*	NAMKEEN*	PELLET SNACKS
<ul style="list-style-type: none"> ▪ Potato based ▪ Launched in Fiscal 2005 by Prakash Snacks and in Fiscal 2010 by Prataap Snacks ▪ SKUs: 10 flavors ▪ Target group: All ▪ USP: More value to consumer via grammage 	<ul style="list-style-type: none"> ▪ Rice grit & Corn grit based ▪ Launched in Fiscal 2006 by Prakash Snacks ▪ SKUs: 7 flavours ▪ Target group: Youth & Children 	<ul style="list-style-type: none"> ▪ Rice grit & Corn grit based ▪ Launched in Fiscal 2012 ▪ SKUs: 4 flavours ▪ Target group: Children ▪ USP: High quality toy in every pack 	<ul style="list-style-type: none"> ▪ Gram based** ▪ Launched in Fiscal 2012 ▪ SKUs: 23 varieties ▪ Target group: All ▪ USP: More value to consumer via grammage 	<ul style="list-style-type: none"> ▪ Com based ▪ Wheels and Scoops were launched in Fiscal 2010 by Prakash Snacks ▪ SKUs: 8 flavours ▪ Target group: Children

Source: Company Presentation

Distribution Line:



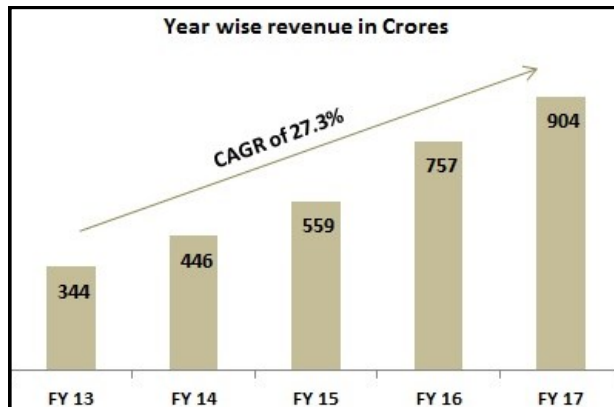
Source: Company Presentation

IPO UPDATE
Prataap Snacks Limited

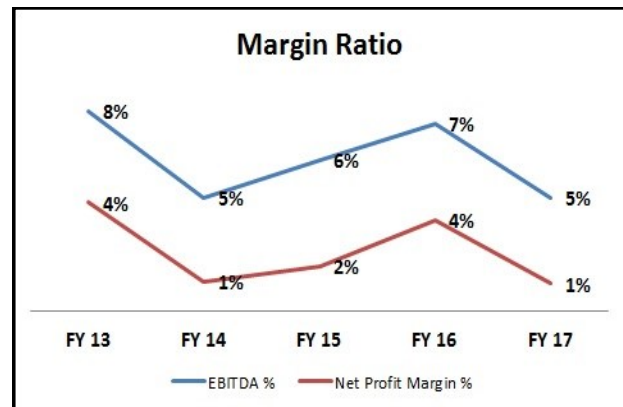
Financials

Rs(Cr)	FY13	FY14	FY15	FY16	FY17
Sales	344	446	559	757	904
Sales Growth		30%	25%	35%	19%
EBITDA	28	20	34	57	41
EBITDA %	8.0%	4.5%	6.0%	7.5%	4.5%
Net profit After Tax	15	5	10	27	10
Net Profit Margin %	4.3%	1.2%	1.8%	3.6%	1.1%

Source: Red Herring Prospectus



Source: Red herring Prospectus



Source: Red herring Prospectus

Outlook and Recommendations:

Prataap Snacks Ltd has been one of the fastest growing companies with a 27% sales growth between FY13 and FY17. However, this growth has come at the cost of profitability. The company also has good branding in the food segment in the country. However, in terms of the IPO pricing, at the upper price band, the company stands at a P/E of 196x with EPS of Rs4.77. This in comparison to the peers like Britannia and DFM foods is overpriced. The profit margins are also very thin for the company. The IPO is definitely a skip on fundamental basis.

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