

Issue Details	
Issue Opens	22-Sept-17
Issue Closes	26-Sept-17
Issue Size (Rs. Crore)	482
Face value (per equity share)	5
Price Band (Rs.)	930-938
Lot Size (No of Share)	15
No of Shares on Offer (crore)	0.5
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	05-Oct-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	92.7	73.4
Public (incl institutions and employees)	7.3	26.6
Total	100.0	100.0

Objects of the Issue

1. **Offer for Sale:** Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale. Company will not receive any proceeds from the Offer for Sale.

2. **Fresh Issue:** Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

A. Repayment/pre-payment, in full or part, of certain borrowings availed by the Company;

B. Funding capital expenditure requirements in relation to expansion and modernisation at certain of our existing manufacturing facilities;

C. Investment in its Subsidiary, Pure N Sure, towards enabling the repayment/pre-payment of certain borrowings availed of by our Subsidiary;

D. Marketing and brand-building activities;

E. General corporate purposes.

Issue Date: 22nd Sept – 26th Sept 2017

Price Band (Rs.): 930-938

Lot Size (No. of Share): 15

Company Background

Incorporated in 2009, Prataap Snacks is an Indore, Madhya Pradesh, based Indian food company, which sells its products under brand name Yellow Diamond. It is among the top six players in the Rs.22000 crore Indian organised snacks market with a 4% market share. The company sells its products under three categories – a) extruded snacks b) chips and c) namkeen.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Assets	4,272	3,414	2,991	2,799	2,221
Total Revenue	9,055	7,579	5,606	4,468	3,445
Profit After Tax	99	274	99	54	149

Concerns

- Any fluctuation in prices or supply of raw materials could adversely affect the operating margin of the company.
- Inability to maintain the competitive position, failure to develop, launch and market new products could dampen the company's future prospect.
- In case of any change or shift in consumers towards obesity and nutritional products, demand for snacks would reduce.

Strengths

- Diversified product portfolio and market share gain.
- Value proposition for consumers – higher grammage and thematic toys.
- Strategically located manufacturing units & strong distribution network.
- Increased advertising and marketing activities.

Our View

On the upper price band of Rs.938 and on FY17 EPS of Rs.4.77, P/E ratio works out to 196x. Even based on last 3 years restated consolidated EPS of Rs.7.63, P/E Ratio works out to be 122x. Means, company is asking the higher price band of Rs.938 in the P/E Ratio 122x to 196x. Its peers like Britannia Industries are trading at P/E ratio of 56 (lowest) and DFM Foods at P/E ratio of 87.8 (Highest) and average is at 72.2. Hence, Prataap snacks IPO issue price at P/E ratio of 122x to 196x is over priced.

Company revenues grew at 27% CAGR in the last 5 years. However, it earned thin margin of 1.1% for FY2017. Although issue price is also overpriced. Considering the future prospects of snack foods post GST regime and new product launch plans of the company, management is confident for bright prospects ahead. In light of such developments, investment may be considered for medium to long term.