

Chatha Foods Limited

(Formerly Known as Chatha Foods Private Limited)

Regd. Office: 272, Mota Singh Nagar Jalandhar Punjab, Pin code -144001, Phone No. 0181-4616381

CIN: L15310PB1997PLC020578, E-mail: cs@cfpl.net.in, Website: <https://cfpl.net.in>

To

Dated: 08.04.2025

BSE LIMITED

Phiroze Jeejeebhoy Towers Dalal Street

Mumbai-400001 Maharashtra

Scrip Code: 544151

Subject:– Transcript of Investor/Analyst meet pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015

Dear Sir/Madam,

This is in furtherance to our letter dated March 28, 2025 intimating the schedule of Investor/Analyst meet for Friday, March 04, 2025 at 1:00 p.m.

In this regard, we are enclosing herewith the transcript of the aforesaid Investor/Analyst meet pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is also available on the website of the company viz. <https://www.cfpl.net.in/>.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For and on behalf of

Chatha Foods Limited

Priyanka Oberoi

Company Secretary & Compliance Officer

Encl.: as above

CHATHA FOODS LIMITED

Work: UNIT-I Village Chaundheri PO Dappar, District Mohali, Dappar Ad, Mohali, Dera Bassi, Punjab, India, 140506

UNIT-II Hadbast No. 206, Village Toffanpur, Tehsil Dera Bassi, Distt- SAS Nagar, Punjab-140506

+91-1762-506711 | Website: <https://cfpl.net.in>

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Chatha Foods Limited

Analyst/Institutional Investor Meeting

April 04, 2025

MANAGEMENT: CHATHA FOODS LIMITED

MR. PARAMJIT SINGH CHATHA (CHAIRMAN AND MANAGING DIRECTOR)

MR. VISHAL SINGH SIRMAURIA (CHIEF FINANCIAL OFFICER)

PARTICIPANT: SWYOM INDIA ALPHA FUND

MR. PURVES CHAUDHARI

MR. ANMOL DAS

MS. SANJANA

MR. RAJAT VOHRA

CHATHA FOODS LIMITED

Work: UNIT-I Village Chaundheri PO Dappar, District Mohali, Dappar Ad, Mohali, Dera Bassi, Punjab, India, 140506

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Rajat: So, Paramjit ji, I would like to introduce Purves Chaudhari. He is from Swyom India Alpha Fund and he is an existing investor in your firm also. So, Purves, I just wanted to understand how would you like to start? Is it a Q&A that you should look at or how you want it to be?

Purves Chaudhari: Yes, I wanted a Q&A but I have few colleagues with me, Anmol and Anmol will be joining. So, I would request a quick background about yourself, how you started the company and your journey highlighting that part, your vision long term with respect to the company. Then rest, company specific things you can take it up in the Q&A.

Paramjit Singh Chatha: Yes, okay. Hi Purves, hi Anmol, hi Sanjana. Yes. So, it's a pleasure to have you all for this meeting. So, this company Chatha Foods was started by me in 2000 and so this unit was primarily set up for ready to eat and ready to cook poultry and other meat products. We were doing chicken and pork initially when we started.

So, the journey started with supplies to various hotels initially is what we did to the hotel chains and also focusing on the retail segment as well. The QSR segment was not so mature at that time. So, our first experience with QSR was with Subway in 2003 when Subway was one store.

So that is how we started our QSR journey. Then in 2007, we onboarded Domino's as well. So, our relationship with Subway is more than two decades and Subway is almost, Domino's is almost like close to two decades now.

So 2008, we stopped doing the hotel business because of certain limitations, not doing the pork products as the demand from QSR started coming in that the products have to be Halal certified as they moved into various other regions of the country like West and South. So, that's when we ended the hotel business. So, our total focus was on the QSR business.

So all these years, we onboarded a lot of other QSR chains, that was the main focus. We onboarded Burger King, we onboarded Cafe Coffee Day and over the years, we acquired a lot of small and medium QSR companies and the casual dining restaurants as well as something like Chili's and the other, the iHOP, Chili's and other brands also. So, the focus has purely been on the QSR industry.

In 2018, we were doing the B2C business in a small way, very selected regions. We were doing it in Delhi, NCR, Goa, the Punjab, Chandigarh sector of the country. But 2018-19, we decided to totally focus on the QSR business.

So we have withdrawn from the B2C segment as well. And in 2013 also, we took a private equity investment from Rajasthan Venture Capital Funds that was to expand our capacities with the growing demand of our customers. So, we increased our production capacities up to 400 metric tons per month and 2022 was a time we set up a small facility for plant-based and vegetarian products as well.

But yes, the plant-based products didn't do too well and the overall industry didn't do well worldwide. It came in with a lot of hope and they were very bullish on the plant-based products

but somehow worldwide it didn't click. So 2023 was the time we thought that we have to increase our footprint from the non-vegetarian segment to the vegetarian segment as well.

So we got listed. We are in the process of setting up a vegetarian facility as well for which the funds were raised. We should be operational by I think by August-September. We should be in commercial production and while after listing, we were approached by Allana Sons for a joint venture to which after a lot of diligence, a couple of months back we signed the agreement with them to do value-added meat and chicken products for them in Aurangabad. So, that's how the company has progressed.

Purves Chaudhari: I'll start with the questions. It might be repetitive kind of nature from your past calls. So what is your existing capacity with respect to chicken only?

Paramjit Singh Chatha: Our existing capacity to chicken is around 500 metric tons sorry 5,000 metric tons monthly, 6,000 metric tons annually.

Purves Chaudhari: 6,000 metric tons annually, right?

Paramjit Singh Chatha: Annually, yes.

Purves Chaudhari: This is including the recent update which you posted of 150 metric tons you added per month but that's excluding that?

Paramjit Singh Chatha: Yes, yes, including that.

Purves Chaudhari: And for veg, how much are you putting up?

Paramjit Singh Chatha: We are putting up 16,000 metric tons per day.

Purves Chaudhari: 16,000?

Paramjit Singh Chatha: Yes.

Purves Chaudhari: And with the Allana Group, what is the capacity that you're coming? So, your video got stuck.

Paramjit Singh Chatha: With Allana, right? I'm low on signals. So, can I just switch off my video? I think.

Purves Chaudhari: Yes, no. We can switch it off if you want. Yes, so 6,500 metric tons with Alana group, right?

Paramjit Singh Chatha: Yes, yes.

Purves Chaudhari: Okay. And with them, we have a 70-30 JV, right?

Paramjit Singh Chatha: Yes, 70-30 JV.

Sanjana: So, just one question here. From our existing capacity, how much is for the plant for the vegetarian or the plant-based items?

Paramjit Singh Chatha: So, when we're talking of 6,000 metric tons, it's purely for the chicken. We're talking purely on the chicken business.

Sanjana: Okay. So, we have some revenue that still comes in from the veg side. So, where is that coming from?

Paramjit Singh Chatha: So, like I said, we have put up a small facility in 2022. It's coming from there. So, whatever equipment we have will be shifted to the new vegetarian unit.

Sanjana: Okay. I think that was around INR4 crores, right? We put up a capex of INR4 crores for that.

Paramjit Singh Chatha: I think it was around plus 5, if I'm not mistaken. Vishal, it was INR5 crores plus?

Vishal: Yes.

Sanjana: So, just to get an idea, how much was the capacity in that INR5 crores? And does that whole capacity get added to the 16,000 or is it additional of the 16,000?

Paramjit Singh Chatha: No, 16,000 is additional.

Sanjana: Okay. So, how much is the INR5 crores? How much capacity does that add?

Paramjit Singh Chatha: That was around 150 metric tons.

Sanjana: Okay.

Paramjit Singh Chatha: Yes.

Purves Chaudhari: So, going ahead, what is the utilization for the chicken facility now?

Paramjit Singh Chatha: We are doing around an average of anything between 420 to 450 MT on a monthly basis.

Purves Chaudhari: 420 to 450 MT, right?

Paramjit Singh Chatha: Yes.

Purves Chaudhari: Okay. And what are typical realizations in this category?

Paramjit Singh Chatha: Realization means the credit period?

Purves Chaudhari: Average selling price for this product in this chicken line of business?

Paramjit Singh Chatha: The average selling price would be somewhere between INR330 to INR340 per kilo. That's the average.

Purves Chaudhari: And in the veg products that you wish to come up, what would be the realizations over there?

Paramjit Singh Chatha: That is around 135, Vishal, on we've done the product mix calculation.

Vishal: Yes. INR135 to INR140 a kg for this.

- Purves Chaudhari:** INR135 to INR140. Okay. That's very low over there. Is there a profitability difference between the two that you will be having higher profitability for veg? How will you manage the margins?
- Paramjit Singh Chatha:** The margins will be there. So, we are talking on a product mix approach.
- Purves Chaudhari:** Okay. Because realizations are almost 50% lower than chicken, right?
- Paramjit Singh Chatha:** But input will come anyways. Input costs are also lower.
- Purves Chaudhari:** Okay. So, the margins in that product, you will maintain it overall, right?
- Paramjit Singh Chatha:** Input costs are lower. See, that plant is primarily going to be for -- it's being set up for the flatbreads as we call them. So, it is a 10,000 per piece tortilla line we're putting up. And then we're putting up 6,500 pieces per hour -- sorry, 10,000 pieces per hour tortilla, 6,500 per hour pieces of malabari paratha and there's another 4,000 pieces of another kind of a very special paratha we're going to come up with.
- And then we have the, we call it a frozen to fry line where we do the snacks, we do things like aloo patty, we do the harabara kebab, we do onion bhajiya, we do palak bhajiya. And then we have a ready to eat line for rice and ready to eat gravies and base gravies. So, the input costs are also pretty low on this.
- Purves Chaudhari:** Okay. So, is it fair to assume that my gross margins in both these categories would be similar, gross level margins?
- Paramjit Singh Chatha:** The way we've planned it, the gross margins would be better in the vegetarian standard.
- Purves Chaudhari:** Okay. So, why don't we expand this chicken part only more aggressively? What's the strategy behind getting into the veg products? Because our parentage for more than 20 years, we have gained expertise in this making chicken products, right? So, why not make some more into this and deepen our presence into the chicken part?
- Paramjit Singh Chatha:** Purves, see, chicken is -- the growth in chicken is a very -- I won't say a very small growth, but it's a very restricted kind of a growth. The market is small. Yes, the market is small. We feel that the B2C segment in chicken is not growing at the rate it should have. There's a lot of tough market competition in the B2C segment, a lot of players coming in, undercutting the pricing. And with the market being very restricted, as we cannot export chicken, we wanted to increase our footprint beyond India. So, vegetarian is one segment where we want to keep working with our US team, the QSR clients, but we want to increase our footprint to exports as well.
- Purves Chaudhari:** Okay. Can you highlight more on this competitive intensity part that you just mentioned?
- Paramjit Singh Chatha:** Competitive intensity is more in the B2C segment. So, there's a lot of, I would say, localised, region-based players coming up and trying to undercut the price in the market with similar kind of products.
- Purves Chaudhari:** We are not into B2C, right? We are B2B or something, QSR.

Paramjit Singh Chatha: No, we're not into B2C at all.

Purves Chaudhari: So, how do we face competition from these B2C players?

Paramjit Singh Chatha: No, what I'm saying is B2C that you have to look at -- if you want to do a substantial growth, I mean, growing only with QSR is not the growth we want to do in our business. That is a 10% to 15% growth is what we are achieving.

Purves Chaudhari: Okay.

Paramjit Singh Chatha: But if we want to increase our growth rate in chicken, so I mean, getting into the smaller QSR business, getting into the B2C segment would be the other alternate, which we actually don't want to do because of a very intense competition.

Purves Chaudhari: So, then what is our strategy exactly? We will be staying B2B only is what I'm trying to understand from you. That we will be servicing QSRs, then maybe we'll tap into the hotel chains also. Is that right?

Paramjit Singh Chatha: No, we will not be tapping onto the hotel.

Purves Chaudhari: So, you're just -- for the chicken business.

Paramjit Singh Chatha: Purves, I'm saying that our -- chicken business, no, we are purely focused on the QSR business. So, we keep onboarding new customers and onboarding new customers takes time, but we keep -- like last year also, we onboarded four new customers. This year also we have plans to onboard new customers. So, we will keep onboarding the new customers. We'll see how it goes on from there. On increasing the capacity, we will be moving out the vegetarian equipment to the vegetarian plant. We will have another 6,000 square foot area.

Purves Chaudhari: What's the strategy for this? What's the average tenure that you guys take to onboard any new client? Like I believe in recent attention for KFC and one of the company, right? You're working on a few products with these guys. So, where are we with them and what's the average tenure that you expect that these guys will onboard you?

Paramjit Singh Chatha: Purves, see, it varies from customer to customer. So, it takes around anywhere between three to six months to onboard a large QSR.

Purves Chaudhari: Okay. What's the development with the KFC and one more brand you mentioned recently in the call?

Paramjit Singh Chatha: It's all ongoing. So, Yum! is KFC. KFC is owned by Yum!. So, it's ongoing. We're almost on the point of closure. The commercials have been discussed, trials have been done. But yes, it being a large multinational QSR, they have their diligences to complete. So, I think hopefully in the next couple of months, we should be in a position to start business.

Purves Chaudhari: Okay. So, why are they coming to us? Like, why can't they only go and do this business themselves? What's the view over there?

- Paramjit Singh Chatha:** Why can't they do the business themselves? Sorry, I didn't get that question.
- Purves Chaudhari:** What we are doing, why can't KFC do it on their own, the same business? Why can't he source the chicken himself, process it and make his products? I'm just trying to understand how the value chain works? How much dependency they would have on us and maybe it's not that much lucrative for them, that's why they're not getting into it or is there any other reason that they don't want to get into this side of business?
- Paramjit Singh Chatha:** No, but that's not the model. Any QSR works, Purves. All the QSRs, if they start going into manufacturing on, you know, it's not only chicken what they're sourcing, they're sourcing everything. From sauce to breads to vegetables to all the things, then I mean -- none of the QSRs works in that model that they set up factories of every ingredient they have and their focus is to run the brand, their focus is to service the customers in the restaurant business. The focus is not going to manufacturing themselves.
- Purves Chaudhari:** So where do we source our chicken from?
- Paramjit Singh Chatha:** We source our chicken from South and North. So, we have around six to seven approved vendors. Few of them are like Sneha Farms is there, Belchick is there in Belgaum. Sugna is there in South in Coimbatore. Then we have three companies in North who we source from.
- Purves Chaudhari:** Okay. And for veg also, we will be having those same suppliers or any different that we have identified already?
- Paramjit Singh Chatha:** Veg will be very different. We've identified, but veg will be very different. Veg will be more of flour sourcing and vegetable sourcing, and so those are very different suppliers. They're all present in North only. So, the sourcing majorly will be done from in and around Punjab itself.
- Purves Chaudhari:** Okay. Got it.
- Sanjana:** Sir, are there any plans for us to say backward integrate here if we -- you know, if we plan to like set up our own farms or anything for chicken? Would that be economically?
- Paramjit Singh Chatha:** No.
- Sanjana:** Why so?
- Paramjit Singh Chatha:** It's a very different business and a very large capex business. It's a very, very large capex business. It will run into hundreds of crores if we just want to, you know, if we have it to feed our own production. So, you have to go into slaughtering, you have to go into your farms. If you want to go into farms, you have to go into hatching, you have to go into feed mills. That's when it starts making sense but that's a very, very different league and a very, very large capex business.
- Sanjana:** Okay, so in terms of the different suppliers you have, so I read on in one of the previous notes that some of our like the bigger QSRs have their own quality control that they, communicate to you like very specific in terms of what they're looking for. So, does that make a difference when you're sourcing from different suppliers?

Paramjit Singh Chatha: Sorry, I didn't get your question. Yes, we have one of our QSRs who is into quality checks at the farm level, yes.

Sanjana: But is that only for that QSR or again we can source from different people as long as the quality check is matched?

Paramjit Singh Chatha: No, they also develop multiple vendors for us.

Sanjana: Okay.

Paramjit Singh Chatha: It's not only one supplier, so they've identified four or six, four or five suppliers. So, it's common, we also buy from them but yes, that QSR is very particular on the quality checks. So, they have farm level audits, they have their own systems to do farm level audits. So, we buy from for them also and we buy for our other customers also from the same suppliers.

Sanjana: Okay, so say now that particular QSR has like their trust in you and they do all the farm checks and everything. Are you their only supplier for the chicken part or do they also have other suppliers for the same chicken?

Paramjit Singh Chatha: No, we are not the only supplier for any of our customers as of now. Because with the number of stores our customers have, so they have a multi-vendor policy. Yes, we do enjoy the bigger share of being a supplier but none of them works with a single supplier which is a very well accepted and a very good norm from them. They can't depend with 2,000 stores or 700 stores or 500 stores depending on a single vendor is not a very advisable thing to do.

Purves Chaudhari: You also highlight what is the positioning of the other suppliers versus us? Are they also of the similar size or they are much smaller than us?

Paramjit Singh Chatha: So, there are multiple, some are of similar size and some are smaller.

Purves Chaudhari: Okay, so on the utilization part that we raised INR20 crores recently, where are we with that?

Paramjit Singh Chatha: Sorry, Purves?

Purves Chaudhari: The funds that we raised INR20 crores recently, have we utilized them or is there still pending amount?

Paramjit Singh Chatha: No, we haven't utilized it. You're talking about the preferential? Yes.

Purves Chaudhari: Yes.

Paramjit Singh Chatha: No, we haven't utilized it.

Purves Chaudhari: That's going to go for capex, right?

Paramjit Singh Chatha: That will go purely for capex for our joint venture with Allana. So, that has to start, it'll start this month. So, the project has been finalized, the drawings have been done, the equipment has been sourced. So, this month onwards, we should be spending that on capex.

Purves Chaudhari: So, when would this Allana JV capacity come up?

Paramjit Singh Chatha: We are targeting October.

Purves Chaudhari: Okay, October 25, this year, right?

Paramjit Singh Chatha: Yes, October 25.

Purves Chaudhari: And you had mentioned that you will be targeting value-added chicken products. Can you highlight more on what is value-added chicken product in this?

Paramjit Singh Chatha: For the Allana project?

Purves Chaudhari: Yes.

Paramjit Singh Chatha: No, it's going to be both value-added red meat and chicken products. So, value-added means when you make ready-to-cook and ready-to-eat products, Purves. So, there we're going to do products like sausages, we're going to do products like mortadellas, we are going to do shawarma, we're going to do nuggets, patties.

Purves Chaudhari: So, that would be sold under our brand or how is it going to be?

Paramjit Singh Chatha: It's purely for, it's going to be produced in Allana's brand, purely for export.

Purves Chaudhari: Okay. So, will we be targeting in our chicken facility also the similar products under our brand or any plans in that?

Paramjit Singh Chatha: No. Although the products are similar, we're already producing similar products for our various other customers. Products are same even in a chicken brand, we do sausages, we do meatballs, we do patties, we do a lot of a range of products. So, the products are similar. So, the protein here we're doing only chicken, there it will be red meat and chicken.

Anmol: Sir, one question regarding fine dining restaurants. So, do you have any proposition in future that you will be having any supply contracts with any fine dining chains?

Paramjit Singh Chatha: Anmol, I don't think we will be able to do much for the fine dining restaurants in the chicken business, but in the vegetarian business, definitely.

Anmol: Okay. So, you will be open for collaboration for the vegetarian business?

Paramjit Singh Chatha: Chicken, I mean, the fine dining is not allowed. They don't have a requirement, I mean, we don't produce products what they use, we don't do these butter chickens or whatever. But when we're going to do a vegetarian line, so we will definitely be doing a lot of what I will say is commodity products.

We'll be doing parathas, which they are sourcing, we will be doing tortillas, which they're sourcing. Base gravies is becoming a very big demand from restaurants as they are expanding

and, going into multiple outlet format. So, that is the time, we feel that there's a huge potential in the fine dining as well.

Anmol: Okay. And, sir, one last question on, I mean, the question regarding which segment are you seeing the demand in the industry growing more for the, I mean, for non-veg as well as the veg products? The growth is coming more in the QSR segment or in the fine dining segment?

Paramjit Singh Chatha: I will not be able to answer that. I would definitely say that QSR is a very, very big demand if it comes to chicken. Vegetarian, we still have to get our experience, but definitely vegetarian is a growing demand in fine dining as well. But when it comes to chicken, QSR definitely is way far ahead from the fine dining demand.

Purves Chaudhari: So, have you signed any contracts with any veg players for selling our veg capacities? Because I believe there's hardly three, four months we'll go operational with veg, right? So, do we have any identified clients where we will be going ahead with any products in veg facility?

Paramjit Singh Chatha: We have a lot of dialogues going on for veg with various customers, but contracts will only happen once the facility comes up, the audits are done, the approvals are done, that is when the contracts will come in. But yes, dialogue is definitely on for...

Purves Chaudhari: So, is it fair to assume that this facility will start contributing later part of FY '26 and maybe majorly from FY '27 onwards?

Paramjit Singh Chatha: Majorly from FY '27, but yes, we will utilize 10% to 15% capacity this financial year also.

Purves Chaudhari: And on the working capital part, last thing from my end, we have seen huge spike in our receivables as well as inventories. But our top line is more or less flat only. So, the highlight of what this thing is, there's a seasonality thing where we increase our inventories in first half. What is this exactly?

Paramjit Singh Chatha: Vishal, can you explain that please?

Vishal Singh: Yes. Hi, Purves. Can you please repeat the question, Purves? I was not able to...

Purves Chaudhari: For first half, H1 till September, we have seen huge spike in our inventories as well as receivables side. So, how are we managing that part, working capital?

Vishal Singh: Yes. So, Purves, like Mr. Chatha mentioned, so we have been working with a lot of new suppliers. We really have taken onboarded new client. So, for them, definitely, there are a lot of new ingredients which came and that is the reason the inventory has got spiked and simultaneously the receivables part have gone up.

Purves Chaudhari: Why will receivables go up? Because of new clients?

Vishal Singh: Yes, because of the new clients added and plus the credit periods for these new clients.

- Purves Chaudhari:** Okay. That's quite a substantial jump. So, that just got us worried a bit. What's exactly happening? So, what is the typical cycle that we look for? Inventory, debtor and our payables, creditor days?
- Vishal Singh:** So, Purves, we are looking to maintain a 30-day cycle, but whenever a new large QSR comes in, so like we have onboarded Taco Bell or we have onboarded PK. So, they all have their own norms to work at a 40 or 45 days kind of credit period. So, definitely, in order to onboard those clients, we need to extend that credit period. So, that's how it has increased and plus the revenues have increased. So, simultaneously the receivables part has spiked a bit.
- Purves Chaudhari:** For FY25, I believe there's not going to be much top line growth, but still, for first half year, entire working capital has gone stretched. So, will that moderate over the years or it will be the new norm for you?
- Vishal Singh:** Purves, it will moderate and plus as we keep on onboarding new clients. So, the inventory, although we are trying to maintain it in a 30-day kind of cycle, but I mean, just as we keep on adding new ingredients, new suppliers. So, I mean, it will keep on adding to the...
- Paramjit Singh Chatha:** See Purves what happens is when we onboard new customers, so everybody has a different recipe, different demand. So, it is not only chicken what we are looking at, the chicken inventory goes up, the various blends, functional ingredients for different products. So, the number of SKUs keep going up. So, that is the addition in the inventory.
- Purves Chaudhari:** So, could you please just give me a few facts and numbers on this working capital side, Vishal sir? Inventory days, debtor days and creditor days, what are they currently and what do we target at ideal range?
- Vishal Singh:** So, currently, sir, our inventory days are at 30 days and even for this financial year, we are maintaining the same. So, as our debtor days are between 40 to 45 days, although we are trying to maintain it within 40 days, but yes at the moment, it is at 45 days.
- Purves Chaudhari:** And our creditors, supplier side, payables?
- Vishal Singh:** Yes, it is at 25 days at the moment.
- Purves Chaudhari:** And this will be the typical ranges, 30 days for inventory you will target less than 44 debtors and creditors is 25 days?
- Vishal Singh:** Yes.
- Purves Chaudhari:** Okay. And how much are the working capital sanction limits for now?
- Vishal Singh:** So, at the moment, it is INR12.7 crores.
- Purves Chaudhari:** And it's 100% utilized?
- Vishal Singh:** 90% utilized, yes.

- Purves Chaudhari:** 90% utilized. Got it, got it. So, just to wrap it up, Paramjit sir, what is your long-term vision with respect to the company like, you went from one product, you are entering veg now. So, ultimately, where do you want to take this company over the next 5 years, 10 years sort of timeframes?
- Paramjit Singh Chatha:** Purves, 5 years plans is to keep growing the veg business, keep working with QSR, keep working, trying to become one of the major contenders in the QSR business, both in veg and non-veg. Exports for vegetarian is definitely something we are looking at very aggressively. And I think with Alana also with the kind of plans they have, we will definitely look at expanding the export business for meats also. So, all told, we are looking at like, by 28, 29, we look to have the revenue grow 4x from what we are going to end this year.
- Purves Chaudhari:** Interesting. But for that, the capacities are sufficient or will we need to add more capacities to achieve that?
- Paramjit Singh Chatha:** No, at the moment with those, for 4x of our current revenue, the capacities are there.
- Purves Chaudhari:** Okay. In exports, do you have higher realizations for veg and chicken, for veg especially?
- Paramjit Singh Chatha:** Sorry, higher realizations means?
- Purves Chaudhari:** Higher selling price, average selling price in exports market is what's the differential versus our domestic market? You said 135 to 144 kgs for veg average selling price. So, same if I go into exports, what can be the realizations over there?
- Paramjit Singh Chatha:** For the veg business?
- Purves Chaudhari:** Yes, for the veg business.
- Paramjit Singh Chatha:** Or for the meat business?
- Purves Chaudhari:** Veg business.
- Paramjit Singh Chatha:** In veg this is the one that's what we are looking at. Let's see, this is the average we are looking at. It could be – see it's going to depend on which product. So, we are ranging from something like INR220 to a INR95 product. So, let's see which bread category goes, we could be on a slightly lower realization. Our base gravy business grows which we are very hopeful and we are very confident about. So, the realization could jump up to 150, 160 average. So, it's going to depend on what sells more on a product mix.
- Purves Chaudhari:** Got it. And geographically front, just domestically, how segregated are you from or say how concentrated are you geographically in India, your sales part?
- Paramjit Singh Chatha:** We are doing pan India sales for everyone Purves.
- Purves Chaudhari:** Okay. So, there's no specific city that you are selling to high or XYZ?
- Paramjit Singh Chatha:** No.

Purves Chaudhari: That you are selling twice.

Paramjit Singh Chatha: For all our customers, we are supplying across India, across all regions.

Purves Chaudhari: Any plans to expand your capacities to different parts of our country?

Paramjit Singh Chatha: Not yet, Purves.

Purves Chaudhari: Not yet. Any existing, in your existing facilities, only the chicken plant that the capacity that you shifted to the veg unit, how much can you expand just from your existing facilities?

Paramjit Singh Chatha: Like I said, from 500 to 600 metric tons.

Purves Chaudhari: So, the veg which is 422, sorry, 6,000 yearly, that can go to 600 per month from 500 to 600?

Paramjit Singh Chatha: Yes. So, it can go up to 7,000 plus metric tons annually.

Purves Chaudhari: So, more 100 tons per month I can add?

Paramjit Singh Chatha: Yes.

Purves Chaudhari: And how much that, how much capex that would entail?

Paramjit Singh Chatha: No, it won't take any capex. We already have the equipment. It's just that we need more space.

Purves Chaudhari: Okay. And the veg plant that you have set up, there's possibility of more 120 metric tons per month further addition, right?

Paramjit Singh Chatha: For the chicken, yes. I'm talking about veg. So, one, we have a chicken plant and adjacent to, absolutely adjacent to that, with just a wall separating it is a small vegetarian plant. So, once the equipment for the vegetarian plant shifts to the new facility we are putting up, that space we will use for the chicken manufacturing, which will help us take up our capacities by 120 metric tons per month.

Purves Chaudhari: Okay. 100 metric tons per month?

Paramjit Singh Chatha: Yes.

Purves Chaudhari: And the new veg plant that you have added, is there any scope for further addition of capacity in that plant?

Paramjit Singh Chatha: We have land at the moment. The building we are building up is around 50,000 square feet. That will be fully utilized with the equipment coming in, but we have additional 30,000 square feet land, which can be built up if the need arises.

Purves Chaudhari: Okay. Got it.

Paramjit Singh Chatha: So, we structured it like that because the veg business and export business is slightly new to us. So, we don't know, we are very hopeful of sales, but like I said, on the product mix, we don't

know which is going to become a bigger business. So, we have just kept an adjacent land to expand depending on what capacities we need to increase.

Purves Chaudhari: Understood. We are done. That's all from my side. Sanjana Anmol okay I will see. Raman sir has also joined the call. So, he is the promoter of our fund. So, Raman sir, are you there, sir? I think he was traveling in car.

Sanjana: So, sir, actually, I just have one question. Could you tell us what is the demand for the non-veg as well as the veg currently in India and how much of it is coming from us like what is our market share for the domestic demand?

Paramjit Singh Chatha: I will not have that data.

Sanjana: I see. Who would be our nearest peer if we just had to check?

Paramjit Singh Chatha: For both?

Sanjana: Yes, for both.

Paramjit Singh Chatha: The nearest pair for chicken would be, I would say, Vista Foods and yes, Vista Foods would be the nearest pair. And for export, we can check Haldiram, we can check Tasty Bites, we can check ADF.

Sanjana: Okay. So, Vista Foods, if I remember, they have around 20,000 metric ton capacity, right?

Paramjit Singh Chatha: But that is combined Veg and chicken and Veg. Chicken, Veg and fish.

Sanjana: So, fish can also be done in this?

Paramjit Singh Chatha: No, the fish will have to have a separate facility. It's not allowed by the government for chicken and fish to be in the same Plant.

Sanjana: Understood. Okay. Yes, I think that was it from my side as well.

Purves Chaudhari: Yes. And just one last thing, your realizations, average selling price, have they gone up recently or they have been constant for past 3, 5 years?

Paramjit Singh Chatha: It's gone up.

Purves Chaudhari: It's gone up. Can you quantify? It was 3 years back or 5 years back versus now?

Paramjit Singh Chatha: Yes, it's gone up.

Purves Chaudhari: Can you quantify that number? By how much?

Paramjit Singh Chatha: Vishal, can you quantify it?

Vishal Singh: Yes, sure, sir. So, it has gone up, if we compare the last 4, 5 years numbers, it has gone up by somewhere around 15%, 16%.

Purves Chaudhari: Is this because of our new products that we launched or just the inflation that's played out?

Paramjit Singh Chatha: With a little bit of inflation pervades and new products would be launched.

Purves Chaudhari: New products. Is there any chance that this will go up further in future? Because website is very clear, it depends on the product mix. If you start selling 200, 220 per kilo product, then it will increase. But for chicken, is there any chance that it will increase more at the same pace in coming next 2, 3 years?

Paramjit Singh Chatha: Let's see, Purves. Let's see what kind of products our customers want to launch. The industry is definitely shifting to better products now. Price is not something which everybody is looking at. So, they're looking at quite, some of our customers are looking at additive free products. Now, if additive free products come into picture, definitely we are looking at a big jump.

So, there is a shift in the thought of the way the customers want to position themselves when it comes to a product. So, definitely with the way the industry is doing, I think there should be an increase.

Purves Chaudhari: And are we ready for that shift to handle that thing?

Paramjit Singh Chatha: For the additive free thing?

Purves Chaudhari: Yes, additive free things.

Paramjit Singh Chatha: We are already developing it for a couple of our customers.

Purves Chaudhari: That's great.

Paramjit Singh Chatha: Yes.

Purves Chaudhari: Done, sir. Thank you so much for your time, entire team. That's all from our end. Sanjana, Anmol, if anything from your side to add?

Sanjana: So, just one question. So, the wedge facility that we're setting up, the 16,000 metric ton, that's for around INR40 crores, right?

Paramjit Singh Chatha: And it's around INR40 crores to INR43 crores.

Sanjana: Okay. And even the Alana JV, the 6,000 metric ton for chicken we're setting up is for INR40 crores?

Paramjit Singh Chatha: Yes.

Sanjana: So, I just wanted to understand why is such a huge difference between the wedge and the chicken facility? Like what is it that we need extra for the chicken facility over the wedge?

Paramjit Singh Chatha: Sanjana, the equipment required for chicken is more expensive. The equipment required for chicken can only be sourced from Europe, European companies. Wedge is a mix of Europe, China, and India. But when it comes to poultry processing or meat processing, we are very

particular to not to go to any other country other than Germany or Poland or Austria for the equipment we have experienced. So, we have again sourced, I mean, say the top three companies to buy our equipment from and European equipment is definitely very expensive.

Sanjana: Okay. And are we expecting the debt to increase because of these investments?

Paramjit Singh Chatha: Yes, our term loans will increase, definitely.

Sanjana: Can you give us some indication as to how much?

Paramjit Singh Chatha: Vishal, can you give the indication, please?

Vishal Singh: Yes, Sanjana, it is INR12 crores. It will increase by INR12 crores.

Sanjana: INR12 crores. Okay.

Vishal Singh: So, that's all to, I mean, that's all to fund the vegetarian facility.

Purves Chaudhari: As of September, we already had our debt positions of INR20 crores, INR21 crores, right? We were having INR3.74 crores of long-term borrowings and INR17.5 crores short-term borrowings, right? This year saying it will further inch up by INR12 crores?

Vishal Singh: Yes, the total exposure, including the working capital would be somewhere around INR29 crores, INR30 crores.

Sanjana: So, just one question on the customer acquisition side, can you take us through the process and how complicated it is if we want to onboard any new customer and how much competition do you face there?

Paramjit Singh Chatha: Sanjana, I don't know how much competition we face there, because we don't know who all our customers are approaching or whatever the process is. But it is not so difficult. It takes time. I mean, the plant audit takes time. Every customer, new customer will definitely do a plant audit, but we have ERC certified, so that's not a challenge. And then it's a usual process of developing products as per the customer's need and the pricing.

So, it is not very difficult. It all depends on how fast the customer wants to launch the product. So, the audits and the product development could take around 2 months to 3 months. And then obviously, the customers want to do their in-store trials. They start with a one-store trial, then they do a 20-store trial, then they do a region-based trial. They get feedbacks from the customers.

If it's a new product or if they want to shift from one supplier to us, even then they have to go through the store trial process. So, right from the initial stage to the final, commercials happening would take anywhere between 3 months to 6 months. And the commercials only happen when the in-store trials have been approved.

Sanjana: Okay. So, out of this 3 months to 6 months, how much time does it take for us to develop the product? What is that cycle time?

Paramjit Singh Chatha: That doesn't take much time. It just doesn't happen in one go. Sometimes it happens in one go. Sometimes we have to do a trial for three to four times. Then we might have to make some changes based on customer feedback when they do the store trials. So, that's a very ongoing and a process which we're very used to.

Sanjana: Understood. So, sir, we mentioned somewhere that I think we're doing somewhere around 65% to 70% capacity utilization currently. What is the peak level that we can achieve from, say, our current 6,000 metric ton capacity? What is the peak we can achieve for non-veg and then in the future for the veg as well?

Paramjit Singh Chatha: So, when we say 500 metric tons, that's peak.

Sanjana: So, 100% we can achieve?

Paramjit Singh Chatha: Yes.

Sanjana: Like we can do the full 500 metric ton per month?

Paramjit Singh Chatha: Yes, we can.

Sanjana: And same for the veg?

Paramjit Singh Chatha: Same for the veg, yes.

Sanjana: Understood. Okay.

Purves Chaudhari: Is there any concept of single shift, double shift in our business or that's just single, you can achieve 100% capacity utilizations with single shift?

Paramjit Singh Chatha: Purves, we work on an extended shift, 1.5 shifts in a chicken business. And we want to stick to that. We will not go into a double shift because we need, as a company, we have a policy of deep cleaning the plant once the shift is over at eight. So, all the machines are deep cleaned, the plant is deep cleaned.

So, we don't want to, just for increasing capacity, we don't want to jump that quality and the hygiene and sanitation SOP we have. For veg, we can go double shift, easy. Well, that's more of a line business. It's more of online business. It's flour. A chicken is like, it's very easy to get the machines and the plant. It's very easy to get contaminated. So, we don't want to risk that. But veg, we can easily do double shift. Or even like we do work on three shifts in veg.

Purves Chaudhari: Done, sir. And Anmol, Sanjana, anything else?

Sanjana: No, sir. I think that's it from our side.

Purves Chaudhari: Yes. Done, sir. Thank you so much for your time. I wish you all the very best. Rajat sir, over to you.

Rajat: Thank you. Thank you, Purves. Thank you, Paramjit ji. Thank you, Vishal and the team. And we look forward to, Paramjit ji, you coming to Bombay. Let us know. And we will definitely have a lot of meetings for you, sir.

Paramjit Singh Chatha: Definitely, Rajat.

Purves Chaudhari: Yes. Please come down, sir. We would like to meet you.

Paramjit Singh Chatha: Definitely, Purves.

Purves Chaudhari: Thank you so much.