

Chatha Foods Limited

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To

Date: 03.03.2026

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Maharashtra, India
(Scrip Code: 544151)

Subject: Revised Transcript of Conference Call

Dear Sir,

Further to our letter dated Monday, March 02, 2026, regarding the transcript of the conference call for the meeting held on Thursday, February 26, 2026, at 16:00 hours (IST), please find attached the revised transcript of the conference call, submitted 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 truly,
For Chatha Foods Limited

Priyanka Oberoi
Company Secretary & Compliance Officer

CHATHA FOODS LIMITED

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Chatha Foods Limited
Go Small, Go Big – Knowledge Session
Hosted by Go India Advisors
February 26, 2026



MANAGEMENT: **MR. PARAMJIT SINGH CHATHA- MANAGING
DIRECTOR – CHATHA FOODS LIMITED
MR. VISHAL SIRMAURIA- CHIEF FINANCIAL OFFICER –
CHATHA FOODS LIMITED**

MODERATOR: **MRS. SHEETAL KHANDUJA - GO INDIA ADVISORS LLP
Ms. GARIMA SINGLA - GO INDIA ADVISORS LLP**

Sheetal Khanduja:

This session is hosted by Go India Advisors and my colleague Garima will be the one who will be moderating this and she will tell you the reason why she has kept me along with her. So, I hand over the session to her now and Garima, over to you.

Garima Singla:

Thank you, Sheetal. So, Good Evening, everyone.

My name is Garima Singla and joining me from my team and most importantly for my moral support are Sheetal Khanduja, our co-founder and head of investor relations and Mehal, my dear associate at Go India Advisors.

I'm really excited to introduce today's company, Chatha Foods Limited. Chatha Foods has been quietly working behind the scenes of many brands we all consume day in day out from, but we may not always notice. They work with the likes of Domino's, Subway, Taco Bell, etc., etc.

And now coming to the people behind the story. Today on the session, we are joined by Mr. Paramjit Singh Chatha, the Managing Director. So, Paramjit Sir has over 25 years of experience in the frozen and ready to eat food category and has basically seen this space evolve from scratch. So, he's been deeply involved into the strategy, the customer relationships and overall direction of the company. We're also joined on the call by Mr. Vishal, who is the CFO of the company and he's been a finance professional who's been with the company for over a decade. He leads the financial strategy, the capital management and ensures that the numbers make much more sense. So, between the vision and numbers, we've got everything covered today.

So now moving on to the company's profile. What I particularly find interesting about the company is the portfolio depth. They have about 194+ SKUs. So, this isn't a single product story. They operate across flatbreads, gravies, pastes, frozen to fry snacks, as well as ready to eat meat products. So, they've literally doubled their PAT every single year. from FY22 to FY25. So, in this company there is customisation, there is R&D, there is QSR grade standardisation and if we track the journey, you will notice something interesting.

These are some of the ranges of their products. So, it started with a focused R&D and then onboarded large QSR brands. They expanded into exports and then commissioned new facilities and now they are kind of trying to scale their capacity over the years.

So, this has not been overnight growth, it's been a step-by-step compounding with client additions and capability expansion. And finally, the backbone - they have three integrated manufacturing plants across Mohali and Aurangabad with integrated capabilities and total capacity of over 30,800 metric tons per year.

So, welcome sir. Now, beginning with the session, sir.

Sir, you kind of started with the Indian Army and ITC. So, how did this scale for you on an overall basis and what were the kind of products that you were supplying to them?

Paramjit Singh Chatha:

Good evening, everyone.

So Garima, yes, we started with the Indian Army. We started with ITC. But, when we started with the Indian Army and the ITC, that was the same time we started with Subway as well in 2003. So, ITC, if you remember, they had a brand called Kitchens of India, which is also present in a small way even today. So, at that time, there was a big hype about the ready to eat meals with the likes of MTR, Kohinoor and ITC was one of the brands.

So, we were supplying all the ready-to-eat products to them like, you know, ready-to-eat butter chicken, ready-to-eat biryani, various flavors, various kind of gravies with chicken in it and various kind of biryani is what we were supplying. So, a stint with ITC was for almost from 2002 to 2008. But somehow, you know, the ready to eat segment did not actually take off in India. So, 2008 was when we, you know, parted ways with ITC.

For the Indian Army, we were giving them shelf-stable retorted sausages to the, what we call as the Northern Command, which goes to the higher altitude, you know, soldiers placed at the higher altitude for the Indian Army. So that was a very innovative product at that time, shelf-stable product, needs no refrigeration. So, that is what we were supplying to the Indian Army. So, the Indian Army business, still it is more of a tender business. And, you know, we were regular with the Indian Army business up to 2018-19. But then somehow, you know, the pricing structures and everything became very different. There was slightly more competition which came in.

And so, we still do - it's not that we don't do the business anymore. We participate in the tender every year. And, you know, if we make meaningful margins, we still do the business. This year also we have, you know, participated in the tender. So let's see how it goes on from here.

Garima Singla:

Got it, sir. So, I presume the large QSRs you have taken a significant chunk from some of the other players. So, is this that you are taking the share from the other players or is this primarily market demand that is kind of propelling this?

Paramjit Singh Chatha:

So Garima, with some of the QSRs, it's taking share from the other players. Some of the QSRs, like Subway, since 2003, we've been working with them when they were one store. So, from one store to a thousand stores, we're still working with them. So, it's been almost 23 years.

But yes, so initially with Domino's, it was taking a share from other players. But over the period, we have played a very pivotal role in developing some very innovative products for Domino's. So, I wouldn't consider that taking a market share as of now.

But yes, that's how it works. Some customer is taking the market share from other players, or some customer is where we begin from the beginning with our R&D strengths, our technical strengths, developing products for them and starting from the word go with them. So, there have been some customers where we have become a supplier who has developed products for them across as they've grown and we've innovated products for them where it's been ease of operation for them. Scaling up has made more sense to them because with our innovations, scaling became easier because across multiple stores - consistency, quality, everything matters. So, it works both ways.

Garima Singla:

Okay. So, sir, talking about scaling up, quality and then the certification. So, can you just walk us through your supply chain in general? Are there any kind of sourcing risk and where are you procuring from? Such kind of things - if you can just throw some light on that for the audience's interest.

Paramjit Singh Chatha:

No, there are no sourcing risks, Garima. So, when it comes to raw material suppliers, we have a very strong system of vendor onboarding. So, we have been always certified from the best food safety certification companies from across the world.

And we've been working with the best food safety systems like FSSC. As of now, we are BRCs certified. So, when it comes to sourcing, we have a very strong vendor onboarding process where the vendors or partners are audited, the plants are audited, they have to meet our requirements, and we onboard vendors accordingly. So as of now, if we look at the kind of raw material, we are sourcing, there is no risk on supplies or shortages of supplies or not being able to meet our supply demand.

Garima Singla:

So, sir, what is typically the time taken to qualify as a global QSR vendor? If you can just shed some light on that.

Paramjit Singh Chatha:

Garima, it takes anything from three months to six months. You know, because we are very stringently audited by the global QSR chains, because they have their own audit systems, even though we are BRCs certified or FSSC certified, but they still have their own you know, food safety, auditing protocols, we are audited, then we come to product development, you know, so auditing, product development, plant approvals, product approvals could take anything from three months to six months.

Garima Singla:

Okay, sir.

Actually, there have been some questions also in the chat box. Maybe I'll take one or two, right now. So, Mr. Mridul is asking, has there been any sort of volume impact due to backward integration done by some of the major giants. And any update on onboarding of KFC and Big Cinema Company?

Paramjit Singh Chatha:

No. If you look at one of the giants going into their own processing, so this was a very mutually decided decision between us and them. We were taken into confidence and so, the volume which was promised to us two years ago, we are doing much better than that.

And as far as The KFC project is concerned - it got a little delayed with the merger which happened. So that's still on, but it's on hold for the time being with the Divyani and the Sapphire merger happening. And the larger cinema chains we're talking of, we were talking of, I think, we're talking of PVR cinemas. That project is still on. Samples have been approved. Pricing has gone and I think we're at the final stage.

Garima Singla:

That's superb news, sir. Then talking about your products in particular. So, sir, you know this whole strategy from shifting from non-veg to veg - was this a demand led decision? And there is also a question I would like to intermingle it. So, what kind of products are you exactly supplying to QSR like Domino, Subway, KFC and other players? If you can also touch base on that.

Paramjit Singh Chatha:

So, the products we are supplying as of now from the chicken plant are mainly, you know, we're supplying them everything. Maybe it's sandwich fillings for Subway, it is pizza toppings, it is sides, Taco Bell, could be their taco filling sides. So practically what goes into a store in terms of chicken is being supplied by us.

And the other question on the vegetarian facility, yes, it was one was that, you know, we wanted to do a very sensible kind of a scale also. There is a lot of demand for the vegetarian products as well. So, you know, being a strong QSR player in India, so vegetarian was one segment we want to get into. And then we wanted to expand our portfolio by getting into exports as well.

Garima Singla:

And sir, talking about your customers, so basically a huge proportion comes from maybe Subway or Domino's. So how do you see this changing in the time to come, maybe in FY27, FY28, how will the customer concentration change?

Paramjit Singh Chatha:

So, it has even changed this year. But not to a large extent. But as we're discussing about the big cinema chains, we're talking to some other large QSR chains as well. There are some international brands which have come in, and we are into the product development process with them. But yes, it will not be a paradigm shift or a very huge shift, but yes, gradually we are working towards reducing our dependency on our two large customers.

And we are also expanding into- we've launched a new range of what we call as value products which fit into the HoReCa segment as well. So HoReCa, was one segment which is which we talk of as mainly as hotels and the catering chains. We have not been participating in the HoReCa business from a long time now. So, that is something we've reintroduced almost after 18 years. So next year, HoReCa also should, I won't say a substantial, but yes, it will become a significant volume base for us.

Garima Singla:

Got it, sir. I think this will also kind of shield some kind of QSR dynamics that are changing with respect to some kind of slowdown that we are seeing in the news. So, anything that you can comment with respect to that, you know, have you seen QSR volumes fluctuating or how do you kind of go about it? Is the quantity decided well in advance or is it on the go?

Paramjit Singh Chatha:

We've seen the QSR demand, the per store demand could be going down, but we've not seen our demand going down. Per store demand is down slightly but there are also stores which are growing, right so, as we look at the QSR's plans, you know, the plans of opening new stores every year so, I don't see a very major impact coming on to us with the overall universe of number of stores being increased by all the brands.

Garima Singla:

Sir, there have been a lot of questions around your manufacturing facilities, circling back. So, right now, we have the non-veg plant that's operational.

Moving ahead, we are moving to Allana facility as well as the new veg plant. So, sir, have the trials etc. begin or are we still in kind of phase of kind of commissioning is yet to start, how, if you can just give an update out there?

Paramjit Singh Chatha:

So, Garima, for both these units, what we call as R&D and new product development, this was happening parallelly. We have a pilot kitchen in our existing facility, which works 365 days a year.

We work the year round for our QSR customers and we had the new product development and research going on for the vegetarian products as well. As in for Alana, we had set up a, we can call it a pilot kitchen there. So, where we parallelly as the plant was coming up, we were doing all the trials and the R&D processes there.

So, you know, if we look at Allana, we are already under what we call as line trials. So the products which had been developed in the pilot kitchen are being tested on the machines now, or on the lines as we call them, wherein for the vegetarian facility, you know, around the third week of March, we should be at a line trial stage.

Sheetal Khanduja:

Sir, there are a couple of questions on manufacturing and I would just like to take those. So, one obviously, there is a question from Mr. Deepak, he is talking about what is our capacity utilization and what has been our peak until the past six months and what will be the average utilization we expect in the coming years?

Paramjit Singh Chatha:

So, Sheetal, if you look at our chicken facility, we are operating at almost a 75% capacity utilization, 75 to 80% capacity utilization. And we think next year we should be increasing it by 5 to 10%.

In the coming year, for the vegetarian facility, with our discussions going on with the customers again, which are based out of India, which some of them are new customers, some of them are regular customers - without any export business, we hope to do 25 to 30% of capacity utilization.

And for Allana, with the samples which have gone to various countries, the response we've got, in the coming month, we should be at what we call as a slightly larger sampling exercise. So, I think Alana, we should do around a 50% capacity utilization. And in the subsequent years, we hope to do, for the veg unit, I think we'll do around 65%. Allana should come to almost 80% capacity utilization. And a third year from now, we will be at a full capacity utilization of all the three plants.

Sheetal Khanduja:

Great, I think Shubham that also addresses your question and I think now, Garima, you would like to discuss the next-

Garima Singla:

Yes, so sir, since you have talked about capacities now, people are really excited to know the numbers as well.

So, Vishal sir or Paramjit sir, if you can just touch base on the numbers as to how much revenue as well as margins will the new facilities get, both Allana and the veg facility as well as the non-veg facility.

Paramjit Singh Chatha:

Vishal, you can elaborate on that.

Vishal Sirmauria:

Yeah, sure. So, hi, good evening, everyone.

So, on the numbers Garima, So, like Mr. Chatha mentioned, so in the veg facility, we would be doing somewhere around 25% to 30% utilization. So that will convert into odd Rs. 60crore rupees of revenue from the veg facility.

And for the JV facility, the 50% utilization will convert into odd Rs. 90-95 Cr kind of top line. And on the non-vegetarian facility basis, with the targeted utilization for the next financial year, we will be at 185-190 Cr kind of revenue.

Sheetal Khanduja:

So, we have a couple of questions more and I would like to take those. So, one is from Mr. Sandesh Kumar only and he has asked for a couple of questions but I will just take it in that order in which we are going. So, again on the facilities only, he has asked that do we have BRC, FDA, EU approvals for our new veg plant and Allana plant and when can we, if they are not there, when do we get these approvals?

Also, he has asked that what was the specific response from international retail chain for UNIFAYRE range? Have any of these meaningful interactions converted into LOIs from purchase orders that will utilize the new 16,000 veg capacity in '27?

Paramjit Singh Chatha:

The chicken unit, we are BRC certified, right and we plan to get the BRC certification for both the veg unit and the Allana joint venture JV facility as well.

So, the Allana JV facility the initial what we call as the initial audit process has been started. The veg facility, once we are done with the line trials, that is the time we will initiate the BRC certification. So, that should take around three months' time to get the BRC certification, three to four months' time. Because for BRC, we need the FSSC certification as well.

For Alana, we've got the FSSC certification. But for the veg unit, the FSSC certification is given only once we are able to produce the products on the line. So, they come for inspection and after the inspection, the FSSC certification is given. So, the BRC certification will start after that.

And as for FDA, once the BRC is done, it's an online application. We will apply for the FDA application. FDA and EU certifications, we will apply online. That's not a very lengthy process.

As for UNIFAYRE, for the vegetarian products, no samples have been submitted yet to any of the multinational store brands.

Sheetal Khanduja:

Sir, also there are a couple of more questions around, you know, the basically the level of automation we have at our facility. So, we have a question- So, the question is basically that management previously mentioned a shift towards automation to handle labor-intensive products. How much has this reduced operating costs so far?

Paramjit Singh Chatha:

Vishal, can you elaborate on that for the chicken unit, and I'll elaborate on the veg unit after that.

Vishal Sirmauria:

Yeah, sure. So, on this, the automation thing, like we mentioned in the past year as well, so we imported a few cutting lines for the handmade artisan products, and so, at the moment those new lines are operational and we will see that contribution in this financial year numbers.

Paramjit Singh Chatha:

And for the vegetarian unit, Sheetal, other than you know a few artisan products, we will be doing these- the bread units and the, you know, the frozen to fry a snack line, they're all fully automated. So, there will be quite a substantial reduction in manpower usage in the veg unit as compared to a chicken unit. And same for Allana. Allana has also, you know, we have kept the manpower cost in mind and there has been a lot of automation done in the new facility as well.

Sheetal Khanduja:

Okay. So now there is some question around strategy. So, Vinod is asking, and there was another gentleman who asked this question, that do we intend to continue to be B2B? Are we trying to build a retail brand as well? And what is our strategy behind acquiring new customers?

Paramjit Singh Chatha:

At the moment, the whole focus is going to remain on exports and the B2B customers. As of now, we are not saying that we are fully averse to the idea of going B2C in the longer run. But the initial couple of years, the focus is going to be completely on our B2B customers and the export market.

Export market also, we are looking at, you know, business for HoReCa distributors and white label manufacturing for large customers.

Sheetal Khanduja:

Okay, so since you specifically spoke about price hike, Deepak has asked that when is the price hike taken and what is the hike agreed with the brand? Is it linked to CPI or reviewed at specific period? And if it's a specific period, if you can specify the period also.

Paramjit Singh Chatha:

Can you please rephrase the question for me, Sheetal?

Sheetal Khanduja:

So, he's basically wanting to know how frequently we take the price hike. And, with the brands, is it brand specific or do you have like a general, you know, this thing that during this period we will take the price hike and how frequently the price hike comes?

Paramjit Singh Chatha:

No, pricing for all our customers is done annually and so we work on an open book costing with them and you know, any considerable you know increments in raw materials are taken into consideration. Any substantial increments in you know, other overheads the direct overheads or other overheads are taken into consideration so, pricing is done annually until unless, you know, there is a very a substantial and a long term increase in raw material prices, which has happened once, you know, where we mutually decide with our customers on a price hike.

But then it has to be, you know, a proven substantial price hike. And if the price hike is going to be there for a longer period, then we do it. Otherwise, you know, short term fluctuations normally are something we override.

So pricing is done annually. It's not that pricing is done on a quarterly basis or on, you know, a reduction demand from the customer. So that normally doesn't happen. It's always done on an annual basis. Even our raw materials are done on an annual basis and the customer pricing is also done on an annual basis.

Sheetal Khanduja:

Okay. Sir, there are a couple of questions around CAPEX and we would like to address that, right?

Garima Singla:

Sheetal, basically being a wealthy person, if she wants to set up a facility, how much will be the CAPEX to set up this non-veg facility similar to yours?

Sheetal Khanduja:

I would like to specify I'm not planning to get into competition at all. I can't replicate anything that you have done. So, but yes, there are a lot of questions around CAPEX, you know.

Paramjit Singh Chatha:

Sheetal, if you want to set up a facility, as similar to our volume, it'll be around Rs.50 odd crores, Rs. 50+ crores.

Sheetal Khanduja:

And sir, what is usually our maintenance capex? Because given that these are highly automated facilities, which requires a lot of licensing, and we are handling something as sensitive as food. So, the regular maintenance of these facilities would be paramount. And what is the annual maintenance cost?

Paramjit Singh Chatha:

Vishal?

Vishal Sirmauria:

Yeah, so currently it is at 1.25x of our revenue. And that kind of standard.

Paramjit Singh Chatha:

No, Vishal. No, no.

I think, no, no, no, no, no. I think not 1.25x. The maintenance cost, Vishal. Annual maintenance cost for the plant and machinery.

Vishal Sirmauria:

Yeah, it is close to 1.25 % of revenue.

Paramjit Singh Chatha:

So, Sheetal, I mean, I know we handle very expensive equipment. We handle very expensive equipment in terms of, you know, majority of the equipment is for the chicken unit is coming from Germany, it's all imported equipment, we don't get them in India. But we have a very

strong preventive, what we call as preventive maintenance, SOP. So, you know, Sundays is one day we don't run the plants.

And that is the time Sunday is totally given to preventive maintenance. And we have developed a very strong in-house maintenance team. We have also been able to develop a lot of local vendors with genuine parts. So, we are quite comfortable on the maintenance cost. So, I think, Vishal, we average around 1.5 crores annually on the maintenance.

Vishal Sirmauria:

1.5 Cr, yes.

Sheetal Khanduja:

And so, you know, there are some questions which I would like to take over here. One is that, you know, Madhur Rathi has asked that how do we manage raw material price volatility for chicken prices? Do we have long term supply agreements with suppliers?

And maybe over here I would like to just briefly touch upon a bit on the strength of your procurement. Given that we are handling poultry products and there is a scare of bird flu consistently, off and on it keeps coming. So how do you ensure that the product which you are taking is probably antibiotic free or hygienically kept? So, can you just discuss briefly about your procurement process and also how are we handling the raw material price increase and the volatility specifically for chicken?

Paramjit Singh Chatha:

So, Sheetal, on the pricing part, like I mentioned earlier, pricing is done annually. And pricing, one, pricing is done annually. Two, we work with vendors from different geographical locations. If we talk about the bird flu scare, you know, we work with vendors or units from South, we work with units from West, we work with units from North.

So, our procurement is spread across almost, Vishal, if I'm not wrong, seven to eight chicken slaughtering units. So, we're not dependent on one or two suppliers. And pricing is done annually. So, bird flu, as of now, if you look at the trend, it is very region-based and very small now.

I mean, we've not come across in the last 15 years or maybe more, we've not come across where it's a pan-India bird flu scare. So, it does come up in pockets, but to, you know, mitigate that risk, you know, we work with suppliers from different geographical locations. And pricing is annual. We have been able to maintain it.

That's how we secure the pricing.

Sheetal Khanduja:

Sir, Garima also has a follow-up question on this. But just out of curiosity, I had another question. Do you have any kind of specific guidelines which you get from the chains that the facility from which you are procuring the meat should have certain standards and guidelines which you need to follow?

Paramjit Singh Chatha:

Sheetal, every raw material we buy, even if- not only chicken, everything we buy, the facilities, so it is not, one is the guidelines we have from our customers. Secondly, as we are BRC certified, so the minimum requirement is for the unit to be FSSC 22,000 certified. So, any unit which is not FSSC 22,000 certified, we don't approve that unit. So, that's the minimum qualifying food safety certification from where we buy any of our raw materials.

So, be it chicken, be it, you know, vegetables, even up to vegetables, spice blends, packaging. So, everything we buy has to be from a FSSC to 22,000. That's the minimum food safety requirement.

Garima Singla:

I think we are more or less covered on the raw material side.

So, talking about your distribution, so sir, how does it work? I mean for Domino's, do they come to your facility and pick up the product or are you supposed to supply it to their facility?

Paramjit Singh Chatha:

So, Garima, for all the large customers, all the large customers, they have their own, you know, logistic systems. So, I mean, even a company like Wok Express has its own logistic systems. So, all the large seven or eight players we work with, they have their own logistic systems. For us, it's ex-factory. Logistics is managed by them. Transportation, warehousing is all managed by them.

And the smaller customers we work with, so, we have a – what we call it, as a distribution center and a distributor model. So, we work with a company which is a logistic and a warehouse company. We work with them for PAN India.

So, again, it's ex-factory from us. They pick up the stocks from us. They do the warehousing in various parts of the country like Mumbai or Hyderabad or even Mohali. And from there, the stocks are sent to our distributors.

So primarily, we are not handing logistics for anyone.

Garima Singla: OK. And so, for these smaller customers, you know, is the working capital cycle longer or it is more or less the same? And how do we look at, are there any chances of bad debts or something in that regard?

Paramjit Singh Chatha:

Garima, working capital cycle is almost the same. I don't think that, you know, there is any change in the working capital cycle. And as on bad debts, I think it's negligible. I would say it's negligible.

It's not that it doesn't happen, but it's negligible. I mean, it could be going to 0.00 something percentage.

Garima Singla:

And from your current 58 days of working capital, so Vishal sir, is it going to be same for the next two, three years? How are you looking at it?

Vishal Sirmauria:

For Chatha Foods, we are planning to manage it. We are targeting to manage it within 55 days of cycle.

Sheetal Khanduja:

There are a couple of questions on Allana still and I would like to take those. And then there are some other questions as well.

So, there are a lot of questions on guidance and we will, I would like to tell everyone that we will be taking all those questions, but in a bit.

So just, you know, please continue this discussion. So, Kiran is asking that since Allana is JV 70% owned by our company, only 70% of the total sales would be consolidated. Vishal, I think so that is the right way of looking at it, right?

Vishal Sirmauria:

No, so Sheetal, the total revenue will be consolidated. We will be showing the 30% profit as minority interest.

Sheetal Khanduja: Minority, yes, yes. Okay, so that is one.

And then there was another question on Allana and I'm just reaching there. So, Kaushal Sharma has specifically asked that what amount of revenue potential from which facility being put up? I think you have addressed that and when we will discuss the outlook, we can, you know, take it again separately. Besides that, there is another question on Allana.

Yes, this question is from Shubham Jain. And he's asking that, you know, which international markets are we targeting first? Because we understand that Allana is primarily for your exports. And again, what is the revenue contribution, which we can discuss separately in the outlook, if you can tell us what international markets we are planning to, you know, reach out to from through this veg facility?

Paramjit Singh Chatha:

So, Sheetal, one, it is not that what we plan to reach out to, it is what Allana will reach out to. So, Allana has a distribution network across 85 countries now. So, it's going to be right from Singapore up to Africa. So, they're looking at the whole Southeast Asian market, they're looking at the Middle East market, and they're looking at the African market as well. So as of now, we have had samples gone to Singapore, we've had samples gone to Vietnam, we've had samples gone to Kuwait, Iraq, Senegal. So, I mean, almost 8 to 10 countries. So, this is the whole geographical territory they want to cover.

Sheetal Khanduja:

Okay sir, also, you know, Vinod Mathathil - I'm sorry if I pronounced your name incorrectly, sir. He wants to know that; do you have any confirmed interest from client? Because this is a huge plant for a segment which is new to us. So, do we have any confirmed interest from client? And basically, he wants to understand what is our right to win in the veg segment.

Paramjit Singh Chatha:

So, we do have, Sheetal, we do have confirmed interest from customers as of now, which is the domestic interest.

International interest also, we have some. So, if we talk of interest, we can talk of interest coming in from our existing and some new QSR, large QSR companies.

We have interest coming in from some people who want us to do private label for them, big brands. I mean, we should not be discussing the names as of now, who are already into exports and they want us to do private label for them.

And as for exports, we have been to a buyer-seller meet in Thailand where samples are being sent and we participated in this. We have some inquiries, but we are not being very bullish on that or I would say we're not being very aggressive on that because we're just waiting for the plant to come up and we start the line trials.

So, we will be quite aggressive on the export inquiries after that. But as of now, for the domestic market, for private-level exports, there are confirmed interests from customers.

Sheetal Khanduja:

Sir, out of curiosity, this is a question which I wanted to ask. Both for your veg facility and for your non-veg facility, you have a huge number of SKUs.

And I wanted to understand how do you identify, you know, like this is the product we want to develop, you know, like, if it's, for example, aloo patty, there can be multiple variations of aloo patty, you know, with cheese, without cheese. Now, is the product development like it's sort of an R&D, you know, like you will have food technicians doing it maybe.

So, what determines that this is a product we want to crack? Is it something which you get a cue from the clients that this is the product towards the Indian markets to which we want to develop a product? Or you sort of take that kind of initiative and pick up a product and then create a market for it?

Paramjit Singh Chatha:

So, Sheetal, mainly, if we talk about the QSR, as you know, they have their own marketing teams. So, what product to develop, what flavors to develop, what type to develop is mostly decided by the marketing team, which is then forwarded to us. And most of the times with QSR, we work jointly on developing the product.

And so that's how it happens. And for the veg facility, as of now, we have picked up the most popular and high-volume products to do as of now. So, if we talk of tortillas, we talk of Malabari paratha, we talk of what we call as a frozen to fry line, where you do all those veg patties and you do veg nuggets. We've gone in for a base gravy line, base paste line.

So, they are products which are already huge in demand. So, for the veg facility, we were very particular not to do anything innovative in the beginning. And as we grow, you know, as we learn the market, as we learn the export market, I'm very sure there will be lots more we will do for the vegetarian products because there's a huge demand. There's a whole range which is in demand and which we are capable of.

But as of now, we've kept ourselves restricted to all the higher volume in demand products for the vegetarian facility.

Sheetal Khanduja:

Sir, on similar lines, there is a question from Shubham, who is asking that you have been conducting trials for frozen pizza dough and tortillas with a leading QSR chain. What is the status of the first commercial purchase order and how large can this segment get?

Paramjit Singh Chatha:

Sheetal, it's a large segment.

Like I said, commercial orders, we can expect the commercial orders to come in in May. It's just that we have to get the plant commission, we have to get the FSSAI license and we are all set for after the line trials, after the plant visits by the customers. I think in the next two to three months we should be ready for the commercial orders.

Sheetal Khanduja: So actually, there is one repeat question from Mr. Sandesh Kumar. And I'm sorry, we'll have to just ask you that again.

Management has previously emphasized a strict B2B and institutional focus to avoid a pricing war. However, we are now seeing a significant push into B2C with UNIFAYRE brand. I understand that you have addressed this. But since he has asked again for his comfort, if you can address it again.

Paramjit Singh Chatha:

No, it is not a significant push, Sheetal. We have launched the UNIFAYRE brand and like I mentioned, we launched this UNIFAYRE brand just for a few select markets where we are already present in the chicken segment. So, it is just like testing the grounds, you know, and sticking to a very, very tried, tested brand, giving more, you know, volume to our distributors. Like I mentioned, it's not that we're writing off B2C, but yes.

So, you know, UNIFAYRE was kind of a testing ground for us. But the question was, have we done it for the vegetarian segment to the large international stores? No, we haven't.

Sheetal Khanduja:

So, I think, sir, we have understood your manufacturing prowess, the strength of your procurement and what is your strategy in terms of B2B and B2C.

I think so, we have also addressed a lot of questions around that. And there are some questions which are still coming. We really want to now get into the unit economics and understand the margin profiles for these segments.

Paramjit Singh Chatha:

Sheetal, can I take a break for a minute? You can address these questions with Vishal. I will join you just in a minute's time.

Sheetal Khanduja:

No worries. We will take these questions with Vishal.

Garima Singla:

So, sir, I wanted to understand the realization as well as the margins.

So, are they same across the veg and the non-veg products or is there typically a difference between both of them?

Vishal Sirmauria:

Yeah, so on the margin side, on the veg products, the margin will be comparatively better as compared to the non-vegetarian products. So, for non-vegetarian products, we are operating with a gross margin of somewhere around 27-28%. Whereas for the veg products, basis the initial product costing and the market that we have assessed.

We will be operating with a 30-32% kind of gross margin for the veg products.

Garima Singla:

Okay, so realisation for non-veg will be higher but margins for veg will be higher, right?

Vishal Sirmauria:

Yes, yes.

Garima Singla:

And then sir, there is a question, just a follow-up question, I think. So, are we one of the largest domestic players in capacity after the commissioning of the 30,800 metric tonne capacity?

Vishal Sirmauria:

So Garima, as far as we understand the market, considering the product mix that we are coming with, we have the whole range of vegetarian and non-vegetarian products that we are coming up with. So, we will be one of the largest in the country.

Sheetal Khanduja:

And on similar lines, there was a question that, who would be your largest unlisted peers? The listed, obviously, our audience knows. But they had a question on unlisted peers.

Paramjit Singh Chatha:

So unlisted peers for the chicken segment will be Vista Foods, yeah, the largest. And unlisted for vegetarian would be a lot of them in Gujarat. Global Gourmet being one of them, the other brands. In the listed entities, mainly ADF is there. Tasty Bites is there. Then unlisted Global Gourmet is one of the largest players. And there are a lot of other players who are exporting, but they're mainly into the export market, not very big into the QSR market. ID foods, if we talk of the Paratha segment and some of the segments we do, ID foods is there. Yeah.

Sheetal Khanduja:

So, sir, we will have to now jump into financials because we are also a little, you know, short on time. So, one is, you know, and I think, Vishal would be able to address this. This is from Sandesh Kumar. He is saying that our trade receivables have doubled year on year from 11 crore to 22 crores.

How does board justify the high working capital and marketing spend required for a B2C launch? So, till the time you address this, I will also pull up the other questions.

Vishal Sirmauria:

So, for the B2C brand, like we mentioned earlier, we are trying to be in the B2B segment only. So, we are not planning to put any high investments in the B2C segment.

And on the receivables part, so like we mentioned last year also, we had to extend the credit terms to one of our largest peers. And for this year and going forward, we are maintaining this current cycle of 55 days.

Sheetal Khanduja:

Okay, great. And even post your expanded facilities and after our veg facility also comes up, our working capital would be within this range or you will see it expanding a little?

Vishal Sirmauria:

No, it will be within this range only. And for the subsidiary unit, it will be less as compared to the CFL. As we will be billing to Allana only, so it will be somewhere around 30-35 days kind of cycle.

Garima Singla:

It's been really mouth-watering hearing those parathas and everything.

People want to really try your products and also go to the numbers actually. Lot of questions around numbers. So, from 157 crores of revenue in FY25 and approximately 7% of EBITDA margins. So, if you can just break it up for FY27, FY28 and along with your gross margin. So, someone's commented that the veg will make 32% of gross margin, non-veg will make 27%. How much do you see for Allana? So, if you can just break it down into all three of them and then-

Sheetal Khanduja:

Also give us the revenue guidance because that's a large chunk of the question which is coming to us.

Vishal Sirmauria:

Okay. Yeah, so on the revenue part, this is the planned capacity utilization. So, for the non-vegetarian facility, we will be at 185-190 CR for the existing facility.

And for the veg facility, we will be adding another 60 CR. And from the Allana facility, we will be adding approx. 85-90 CR. So roughly, we will be somewhere around the odd 325, +325 CR.

And on the gross margins, so veg will be between 30% to 32%. And non-veg, like I mentioned earlier, we are maintaining between 27% to 28%. And for the Allana facility, it will be, again, 32% kind of gross margin. That is inbuilt in our SHA with Allana.

Sheetal Khanduja:

Okay. So basically, we are-

Paramjit Singh Chatha:

Vishal, you can expand. You're talking about '26, '27. So you can talk about '27, '28 as well.

Vishal Sirmauria:

Yeah, sure. So, on the basis of this capacity utilization targeted for the FY28 and FY29. So, we are expecting the +450 CR kind of revenue for FY28. By FY29 considering 100% full utilization, we will be somewhere +550 CR kind of revenue.

Garima Singla:

Enthusiastic, asking about the second half number. I don't think this will be a good question to address-

Sheetal Khanduja:

That would be a question we can't take because we are very close to the year getting over. But I think they are confident about their journey. And so, with this entire facility, what we will have of Allana and of our existing facility, what is the peak revenue which we can touch over the next two to three years in a phased manner?

Paramjit Singh Chatha:

550 crores, Sheetal, as Vishal mentioned.

Sheetal Khanduja:

And with an EBITDA margin of 25% plus. This is what I understand. 50% plus.

Garima Singla:

30%.

Sheetal Khanduja:

30%? OK, sorry. EBITDA margin.

Paramjit Singh Chatha:
Vishal?

Vishal Sirmauria:

Yeah, so Garima, you're talking about the growth for the EBITDA. So yeah, 30% YOY growth. And on the overall level, we can assume double-digit PAT margins.

Sheetal Khanduja:

Double-digit PAT margin. Okay, wow. Because somebody is saying the current EBITDA is 6% to 7%. So, they want to know what will be the expansion in EBITDA and where it will come from, basically in the margins.

Paramjit Singh Chatha:

So, Sheetal, yes. So, Sheetal, one is improvement in our gross margins, right? And two is economies of scale.

Sheetal Khanduja:

Okay, So I think that is very interesting. And there is one last question which has been asked. So, there have been some sort of, you know, promoter, you know, sale in the question was that there was a converted allotted warrant and the promoter sold some 75,000 shares in the open market.

So, somebody wants to know that why this particular, you know, sale happened and do we see any kind of dilution going forward from the promoter?

Paramjit Singh Chatha:

No, there will be no dilution going forward.

Sheetal Khanduja:

Also, people want to concern, again they want a confirmation that we can consider the long-term EBITDA margin to be close to 30% plus, right?
32% is somebody specifically is asking.

Garima Singla:

EBITDA around 7 to 8, that was the gross margin.

Sheetal Khanduja:

Okay, EBITDA around 7 to 8 and gross margin, right?

Paramjit Singh Chatha:

No, we're talking about gross margin of 32% plus gross margin Sheetal. And we're talking of a double-digit PAT margin in the coming years.

Sheetal Khanduja:

Okay, Great.

So, there are questions coming. So, what numbers do we see in EBITDA percents where people are specifically concerned about the EBITDA margin percent? And majority of people. Okay, Murgesh is specifically saying that if EBITDA is going to be about 11%, 12%, how can we do PAT in similar range, in double digit?

Paramjit Singh Chatha:

We never mentioned that EBITDA is going to be 11%.

Vishal Sirmauria:

So that was misunderstood.

Sheetal Khanduja:

Yeah. Okay, can you repeat it again clearly?

What will be EBITDA margin?

Paramjit Singh Chatha:

Can you please mention the, can you please discuss the EBITDA margin, please?

Vishal Sirmauria:

Yeah, sure. So, this is what we have planned.

This is the planned capacity utilization for the next financial year. So, we are targeting-

Paramjit Singh Chatha:

Vishal, you can talk about the peak capacity utilization of EBITDA Margins and-

Vishal Sirmauria:

Yeah, sure.

So, it will be- So, yeah, roughly it will be close to 15 to 16%.

Sheetal Khanduja:

Sorry, we missed you in between. Can you just repeat that again? Sorry.

Vishal Sirmauria:

Yeah, so I mentioned, so it will be close to plus 15% kind of EBITDA margins at full capacity utilization.

Sheetal Khanduja:

Okay, so to set the record right, it will be 15% plus EBITDA margin at full capacity utilization. And there is a follow-on question, what is the fixed asset turnover in our business? And what are you targeting basically?

Vishal Sirmauria:

Okay, so, at the moment, Sheetal, I think for the next two years, the asset turnover, I mean, we have done the capex as of now. And so, on the asset turnovers, once we have the full capacity, I think then this question will be able to address.

Sheetal Khanduja: Okay. Sir, can we give a little bit of color around how much would be the margin expansion from economies of scale and how much from the expanded product portfolio because people think that this is a little aggressive given our current margin profile.

So, if you can sort of give a little margin walk that how much of this would be driven by economies of scale and how much would be driven by the expanded portfolio?

Paramjit Singh Chatha:

Vishal, yes, please go ahead.

Vishal Sirmauria:

Yeah, so Sheetal, in order to address this, I would like to mention, so we have already done the CapEx and the OpEx base is already there. So, and as compared to our existing non-vegetarian facilities, we are looking at an addition of almost 5-6% kind of gross margin on the total targeted revenue.

So, the major chunk is coming from this targeted gross margin increase. And yes, like I mentioned, so it will be, I mean, the OpEx space will definitely contribute to the economies of scale. So, it won't be good to put a thumb on what will be the exact percentage, but we have done the numbers. So, the Gross Margin will be the major contributor.

Sheetal Khanduja:

Okay understood and okay one closing question and I think we need to, okay we are getting a lot of questions but we'll just take the last two questions and I hope everybody's concerns, questions around margin is addressed. I think Mr. Vishal has mentioned it very clearly. So last three questions.

And I'm sorry, after that, we won't be able to take any questions further.

The first one is from Mridul. Are we seeing any benefits from the recently announced trade deals? Anything which you think will work in our favor?

Paramjit Singh Chatha:

Sheetal, we have not deep dived into it. I'll be very honest with you.

Sheetal Khanduja:

Okay. So great. And is KFC onboarding completed?

Paramjit Singh Chatha:

Like I told you, Sheetal, it's completed, but it's been deferred because of the merger.

Sheetal Khanduja:

And I think the last two questions are very interesting.

While there is one question on the Capex getting deferred, and I think you addressed that during your conversation, so I will not dwell too much into it. But Ms. Kashish has asked a very interesting question that we are, expanding massively and adding a huge volume. So, do we have the organization in place with the senior people to handle this kind of massive increase in the scale of operations?

Paramjit Singh Chatha:

Yes, Sheetal.

The majority of the hiring has been done. The senior teams for both the new plants are in place. We have hired a CHRO. We've hired a Chief Operating Officer.

There's a lot of delegation of duties to the team. And yes, so the talent acquisition has been done. It's ongoing also, to handle these kinds of operations.

So, we've hired quite experienced people to handle these kinds of operations. Definitely it's quite a large expansion we're doing and the talent acquisition is being taken care of and it's still ongoing.

Sheetal Khanduja:

And so, if I may ask you, I mean, I should have asked you this question earlier, and somehow, we missed it. But what are the areas you're specifically targeting? I mean, is it the distribution? Is it the marketing?
Or more in finance? Like what areas are you are beefing up for your organization?

Paramjit Singh Chatha:

We're beefing up in everything, Sheetal. We're beefing up in finance, we're beefing up in operations, we're beefing up in marketing, we're beefing up in human resource.
We are beefing up on the technical team as well.

Sheetal Khanduja:

So, we are basically increasing the overall depth of the organization.

Paramjit Singh Chatha:

Yes.

Sheetal Khanduja:

And absolutely the last question, I promise I will not take any other after this. Last question from Mr. Vaibhav Kapoor, how does the margin structure vary for a customer as volumes increase? I think it was relevant because we had a lot of discussion on the margins. So, I think it's a question, if you're going to address it, it will be great.

Paramjit Singh Chatha:

Sheetal, can you please rephrase the question? How does the margin-

Sheetal Khanduja:

As the volume increases with the customer, how does the margin profile change?

Garima Singla:

How much bargaining power do you have as the volumes increase? Yeah. So, do you have more bargaining power or do you have less of it?

Paramjit Singh Chatha:

Vishal, you can address that.

Vishal Sirmauria:

Yeah. So, Garima, As the volume increases, there is no major change in the margin structure with the customer. So, like we mentioned, we are already working towards decreasing our customer concentration risk.

And the numbers will speak definitely in the coming years. So as we are trying to reduce that concentration and there won't be much impact due to the margin structure due to the volume increases.

Garima Singla:

I have one last question.

Sheetal Khanduja:

I promised I won't take another, but okay.

Garima Singla:

Any shareholder discount on your products? In case you plan to go from there.

Paramjit Singh Chatha:

We'll give it for free.

Sheetal Khanduja:

So, I think we will get a lot of requests for your site visit.

And we will, for the benefit of this audience over here, we will be organizing something soon.

And we will keep you updated. But before we close, any closing comment, sir, a small brief from you, reiterating your growth again. And then we can close the session.

Paramjit Singh Chatha:

So, Sheetal, it's a very well-planned growth with Allana. It's a very well-planned growth with for our vegetarian unit as well. We want to make it a very sustainable revenue and margin growth kind of journey going forward. So that's one thing I can assure all the people who are listening to this conversation.

Sheetal Khanduja:

Okay, and Vishal, before we close, and since I think you should summarize your outlook so that people get it clearly for once and for all. So, let's close it with a summarized revenue and EBITDA gross margin, EBITDA PAT margin outlook.

Vishal Sirmauria:

Okay, sure. So, the target is, so for the next year, the target is to do +325 CR kind of revenue with a gross margin of 30% at planned capacity utilization. and for the next financial i.e. the FY28, the target is of 450+ CR revenue. And for FY29, we will be at the peak capacity utilization and the revenue will be 550+ CR.

And on the gross margin, so the target is basis the current market study, the pricing structure that we have reviewed. So, the margins will be plus 30% on a combined level. And the PAT margins will be plus 5-6% for the next financial year, plus 7-8% for FY28 and plus 9-10% for FY29.

Sheetal Khanduja:

Great.

You guys have been wonderful. It's a very, very interesting story. And actually, now when I will be eating a Mac burger or a Subway sandwich, I would know that the patty actually comes from Chatha Foods.

Paramjit Singh Chatha:

Not the MacBurger, but every time you eat a taco, every time you eat a Subway sandwich, you eat a Domino's pizza, you go to, you know, Wok Express. We can name, you go to a Burger Singh, you go to a Nick Bakers.

Sheetal Khanduja:

You have a role in every bite we take, especially the GenZ. So yes, and we, I definitely appreciate much more now what I'm eating.

We would really love to visit your facility and we will plan something soon. And sir, you have been a great host to have over for our knowledge session. Thank you so much, Paramjit sir. Thank you, Vishal sir.

And to our audience, thank you so much. We really enjoyed taking your questions. They kept coming in a barrage, and I hope we addressed everything. In case we didn't, Garima is right here, along with Mehal. And they will even organize a phone call with the management in case you need it

Paramjit Singh Chatha:

Anytime.

Thank you so much.

Vishal Sirmauria:

Thanks, Sheetal. Thanks, everyone. Thanks, Garima