

# CHATHA FOODS

Investment Opportunity In A Recognized Processed  
Food Manufacturing Company



Lead Manager

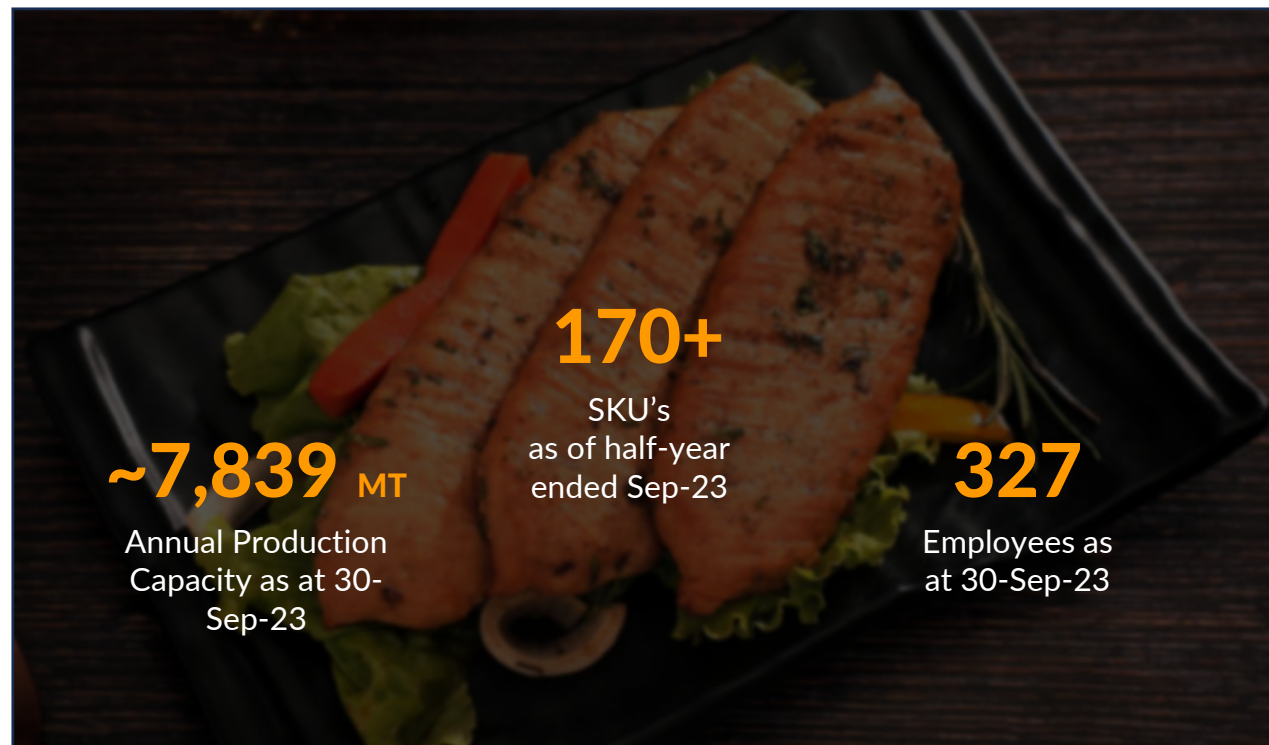


*RHP filed on March 12, 2024*

*Strictly Private & Confidential*

# Leading Manufacturer of Processed & Frozen Meat Products in India

- Founded in 1997, Chatha Foods is one of India's recognized frozen, ready-to-eat non-vegetarian & vegetarian food products manufacturer, for the HoReCa segment
- Business Model includes:
  - Collaborating with customers to develop specific products per brand requirement
  - Promoting & selling in-house products to Small, Medium & Large QSRs & CDRs
- State-of-the-art manufacturing facility, located in Mohali, specializes in non- vegetarian production while also extending its presence in the plant based and vegetarian segment
- Our Quality Assurance team, comprising of 14 experienced technologists & microbiologists trains our food handlers on the latest updates in quality, regulatory, and statutory standards as well as specific standards mandated by our institutional customers



**We've Earned Multiple Certifications for providing Exceptional Food Quality Products & Maintaining Safety Standards in our Facilities**



# State-of-art Infrastructure with Robust Manufacturing Strength & Technology

## Trusted vendors for raw material

- Trusted vendors with years of relationships - offering high quality raw material
- Strategic relations with vendors play pivotal role during high demand and price volatility environment



## High quality manufacturing facility

- Well-equipped manufacturing facility with technological advancements
- Modern plant production facility with hi-tech equipment of European make
- Processing done as per SOPs and globally approved safety standards and measures



## High quality & Automated packaging system

- High quality primary packaging material used to ensure products have primary shelf life of > 1 year under -18°C
- Extensive packaging methods deployed to safeguard product quality during distribution process
- Temperature is controlled as per the food safety guidelines – assuring best product is delivered to the customers

# Our Wide Range of Product Portfolio

## Product Portfolio

### Non-Vegetarian Products



- Pizza Toppings
- Sandwich Fillings
- Fried Chicken – Chicken Wings, Chicken Tenders, Chicken
- Popcorn
- Chicken Nuggets & Burger Patties
- Kebabs & Meatballs
- Delicatessen – Sausages,
- Salami, Pepperoni
- Momos & Spring Rolls

### Plant-Based Products



- Delicatessen – Sausages, Salami, Pepperoni
- Nuggets & Burger Patties
- Tikka variety
- Kebabs variety
- PB seafoods variety

### Vegetarian Products



- Snacks (Momos, Spring Rolls)
- Veg Patties & Nuggets
- Aloo tikki
- Chole & Falafel patties
- Potato & falafel poppers
- Onion Rings
- Cheese Nuggets
- Paneer tikka variety
- Paneer patties

# Our USPs provide us with a Competitive Edge over Competition

1

## Wide-ranging Product Portfolio

Built an extensive & innovative product profile over the years with a special emphasis on premium quality.  
Recently expanded into plant-based meat and vegetarian product markets

2

## Rich and Deep Exposure to Indian Restaurant Industry

Catering to leading QSR and CDR brands. Well positioned to capitalize on the industry's growth

3

## Decades of Industry Experience and Marquee Client Base

Over 2 decades of experience in the frozen and ready-to-eat industry, consistently delivering high quality products  
Serving leading players in the HoReCa segment with long standing relations

4

## Experienced Management Team

A senior management team who has been with the company for 10+ years

5

## Good Financial Profile

Consistent increase in customer wallet shares, diversified revenue model and strong working capital management help drive growth and profitability of the company

# Food Safety & Quality Certifications



A<sup>+</sup>



2024

2022

2015 - 2022

2012 - 2015

2005 - 2012



# Strategically Capturing Opportunities in both B2B and B2C Markets

Chatha Foods has a long standing expertise in institutional as well as retail business models

## B2B



Manufacturing and distribution of variety of processed frozen as well as ready-to-eat meat products



Products manufactured strictly as per GFSI quality standards and subject to periodic compliance audits from regulators and customers



The company owns the product formulas for both large, medium and small QSRs.

Collaboration with brands to jointly develop product formulas and products

## B2C



Current facility is being used to develop & manufacture ready-to-eat and ready-to-cook vegetarian and non-vegetarian value-added products directly for retail customers

# Strong Experienced Leadership and Management Team



**Paramjit Singh Chatha**  
(Managing Director,  
Promoter & Chairman)

- Over 25 years of experience in frozen and ready-to-eat processed food industry
- Actively involved in planning and formulating overall business and commercial strategy since inception
- Plays a key role in establishment and maintaining strong customer relations



**Gurpreet Chatha**  
(Whole-time Director &  
Promoter)

- 20+ years of experience in frozen and ready-to-eat processed food industry
- Actively engaged in purchase and supply chain section and heads the purchase department



**Gurucharan Singh Gosal**  
(Whole-time Director)

- ~ 47 year of experience in food and food related items business
- Served as a president of various food chains in Canada like Gregory's restaurant, Restaurant La Bouche Ltd, Tabagie S&R Montreal Ltd etc
- He serves as a director overseeing financial affairs of the company



**Sanjiv Swarup**  
(Non-executive  
Independent Director)

- 40 years of experience in providing management consulting services to the various clients
- Holds a bachelor degree from the University of Calcutta and a bachelor degree in law from Saurashtra University. He is also a member of the Institute of Chartered Accountants of India



**Purnachand Upadrashta**  
(Non-executive  
Independent Director)

- 30+ years of experience in various capacities in Indian food industry
- Holds a PG degree from University of Bombay, with sound background in food processing & packaging
- Currently, he is specializing in designing market strategies for food and agri businesses, from startups to global firms eyeing to enter the Indian market through consulting and advising



**Chinmayee Delugaonkar**  
(Non-executive  
Independent Director)

- 24+ years of experience in the field of regulatory compliance, production, system, sustainability, auditing, training
- FSSAI's national resource person for development of FOSTAC training programs and capacity development of food regulators
- Worked in various capacities at FoodChain ID India, DNV, Monginis



**Expertise in food service and related industries**



**180+ years of vast combined experience of Industry**

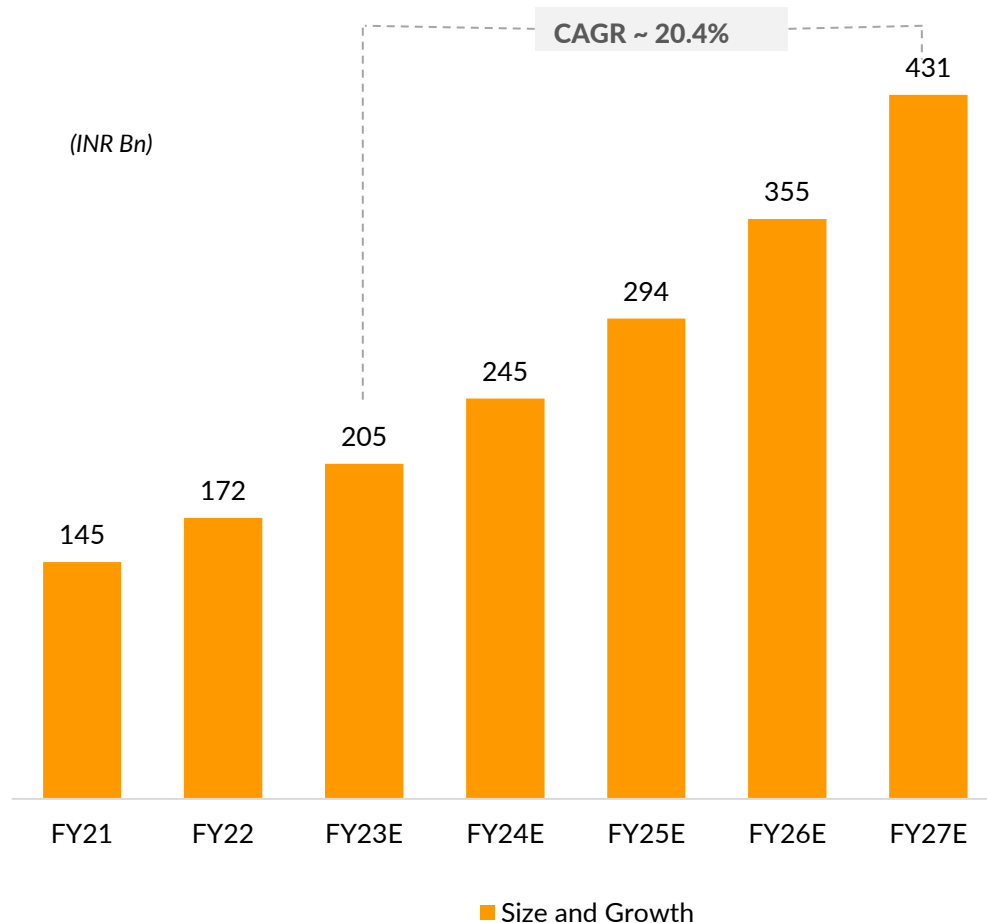


**Strong network and management skills**



# Quick Service Restaurants Market in India














## QSR Market in India



## Key Highlights

- The organized standalone market share in the total Quick Service Restaurant (QSR) market has increased by 5%, over the past five years, rising from 24% in 2017 to 29% in 2022
- An emergence of numerous unorganized players in the QSR industry is a significant contributing factor to the overall expansion of the sector
- Major QSR players are expanding to tier 2 and tier 3 cities in India by extending their presence and deepening their network within the country
- The industry is set to leverage Indian youth demographics by targeting young consumers to broaden its customer base and market reach for overall growth
- 150% surge to INR 3,750/- per household is expected to be witnessed over the next three years in annual spends on eating out at QSR chains in non-metros












# Leading Brands in Indian QSR Market

Brand	Total Outlet Count	Mega Metros (%)	Mini Metros (%)	Tier I Cities (%)	Tier II Cities & others (%)
 Domino's	1354	25	32	20	23
 Subway	541	37	43	12	8
 McDonald's	481	36	35	17	12
 KFC	454	19	37	21	23
 Wow! Momo	317	29	59	6	6
 Burger King	261	41	26	11	23
 Jumbo King	131	83	11	6	NA
 La Pino'z	134	27	21	33	19
 Haldiram	80	79	9	7	5
 Bikanervala	82	61	9	14	16
 Smokin Joe's	50	58	20	4	18
 Taco Bell	57	32	54	12	2
 Street Food by Punjabi Grill	41	47	34	12	7

Source: RBI, Netscribes, IMF and Public market references

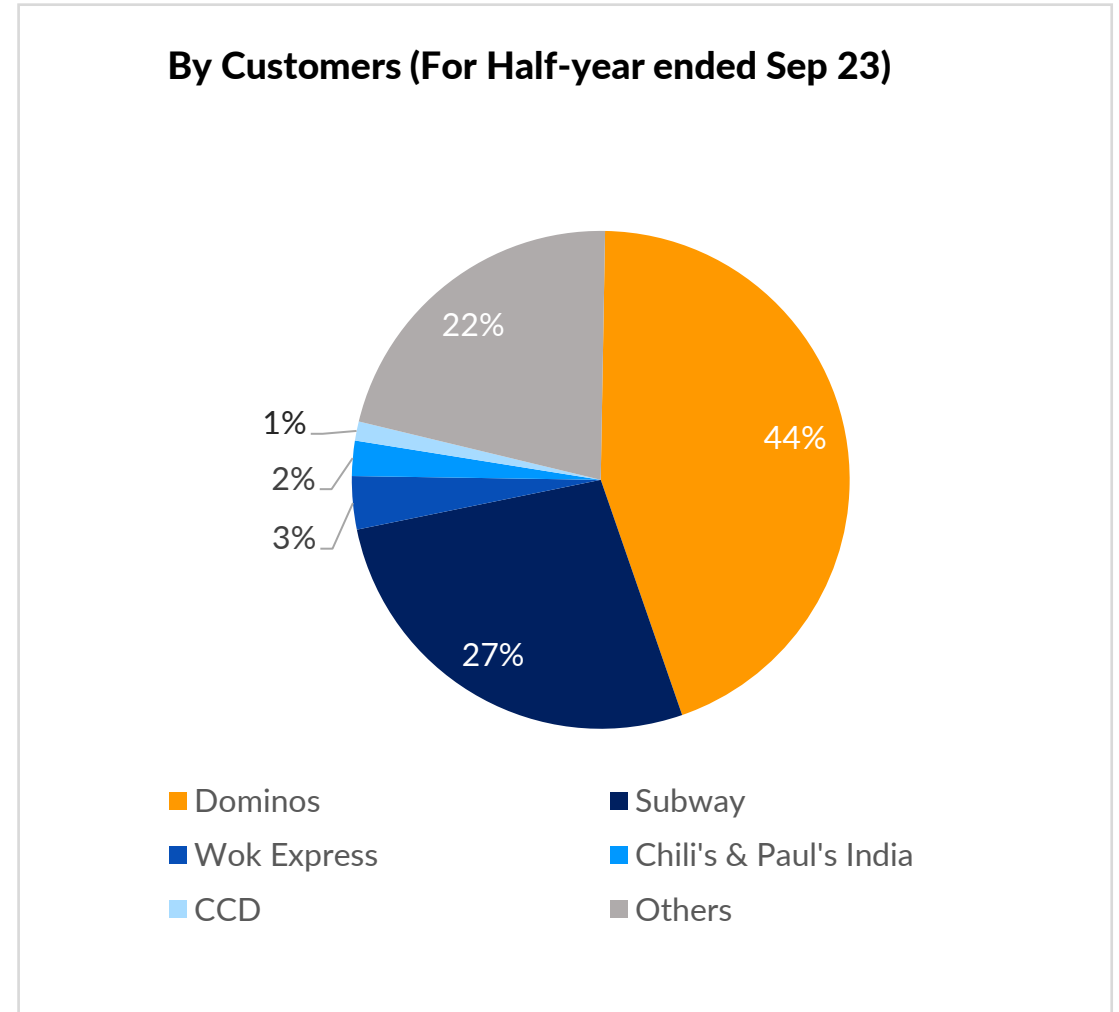
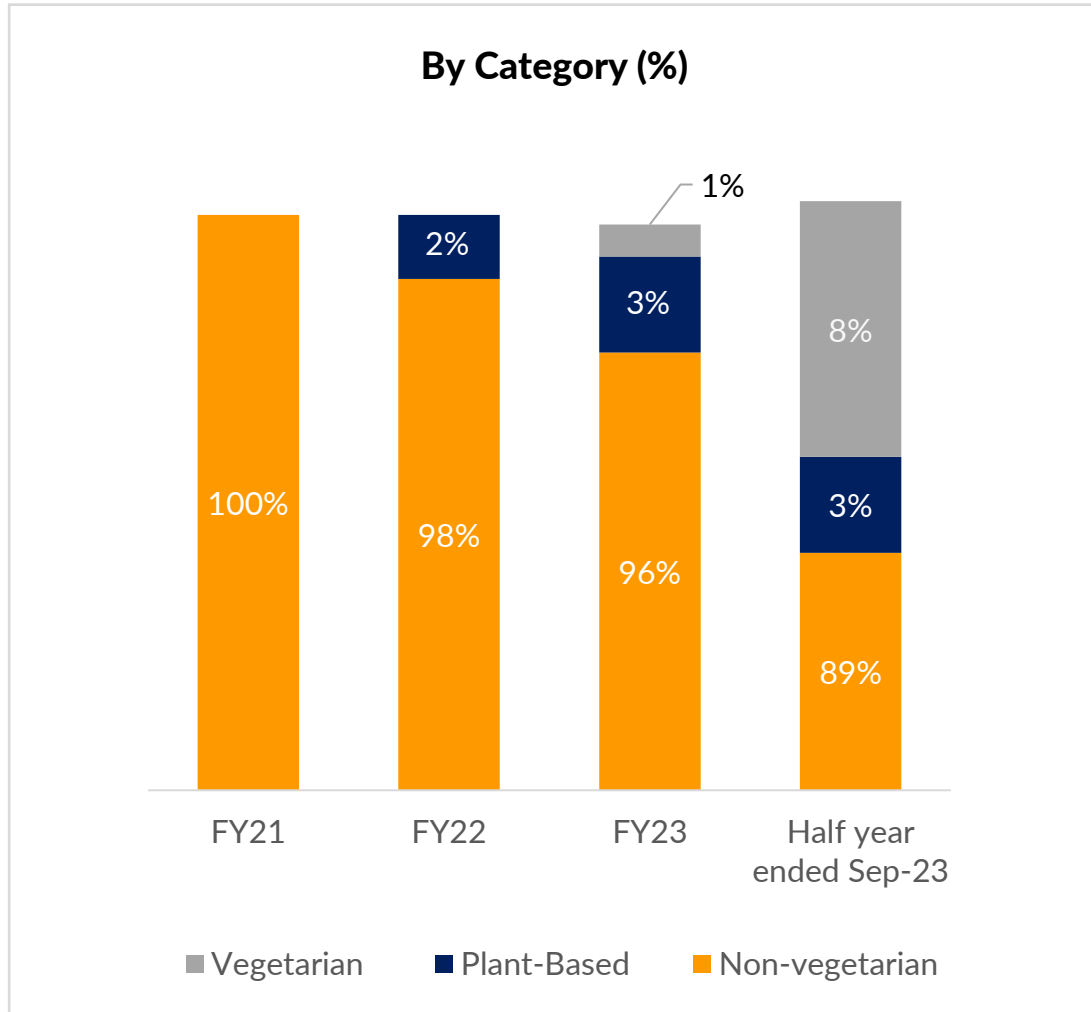
**Major QSR brands are well entrenched in smaller cities with decent headroom to grow further**

# Marquee Client Base : Servicing Leading HoReCa Players since 2 Decades

Quick Service Restaurants	     
Casual Dining Restaurants & Cinemas	 
Others	  

Chatha Foods has established reputed clientele through long-standing relationships with the likes Domino's and Subway, which dates back to 2007 and 2004, respectively

# Our Revenue Profile



# Long-Standing and Collaborative Vendor and Customer Relationships

## Relationship with Customers

Brands

Relationship



16 Years



19 Years



12 Years



8 Years

- Our top 5 customers contribute substantially to our revenue, accounting for around ~93% of the total revenue
- We have established long-term partnerships with our clients, exemplified by our 19-year partnership with Subway and 16-year partnership with Jubilant FoodWorks

## Relationship with Vendors

SNEHA™

PARAS\*  
Inspiring taste

M MULTIVAC  
GROUP

CONNELL BROS.  
Ideas to Grow With™

RAI  
CHICKEN  
OUR FARM • YOUR FORK

VKL  
Seasonings & Flavours

DS GROUP  
Dharampal Satyapal Group

3 - 20 Years

- Our extensive supplier network and trusted vendor relationships, empowers us to maintain stable prices in high demand environment, timely delivery and consistent quality
- Adhering to GFSI-certified BRC standards enables us to rigorously verify ingredient consistency in every consignment, streamlining vendor qualification

## Our Competitive Advantages

✓ Timely delivery service

✓ Mutually beneficial terms

✓ Quality assurance

✓ Enduring and trusted relationship

# Awards and Accreditations



2011

Business Partnership Award received from Domino's Pizza



2012

Business Partnership Award received from Domino's Pizza and Dunkin' Donuts



2013

Business Partnership Award received from Domino's Pizza, Jubilant Foodworks, and Dunkin' Donuts



2014

Second prize for "Best Stall Display" Food Expo in 11th Agro Tech



2015

Business Partnership Award from Domino's Pizza, Jubilant Foodworks, and Dunkin' Donuts



2016

Supplier of the Year Award from Subway



2018

Award for 'Long Term Association' was given at the Business Partners' Conference



2019

Award received from Jubilant Foodworks and Hong's Kitchen for exemplary contribution towards the successful launch of Hong's Kitchen



2021

Certificate of Appreciation from Government of India, Ministry of Finance for their prompt filing of returns and payments of GST



2022

Certificate of Appreciation from Government of India, Ministry of Finance for their prompt filing of returns and payments of GST

# Strategic Horizon : Long-Term Goals

## Growth and Expansion Strategy

### Future Plan



- ✓ Setting up an additional facility focusing on Vegetarian frozen ready-to-eat and ready-to-cook products to meet growing demand by leveraging management experience and market opportunities
- ✓ Introducing Differentiated Products and Striving for Improved Margins in Existing Business
- ✓ Explore international markets with ready-to-eat meals & base gravies, ethnic flat breads, frozen vegetarian snacks, and high-protein plant based options to diversify revenue streams

### Capital Expenditure



- ✓ Company has, thus far, invested in high quality equipment, skilled team, advanced technology which has resulted in two units within same manufacturing facility – one for non vegetarian, other for vegetarian
- ✓ These investments have increased our production capacity to ~ 7,839 MT as at HYE Sep-23
- ✓ New manufacturing facility will span over 3.49 acres comprising of 35,360 sq. ft. manufacturing structure and a 5,000 sq. ft. utility shed to expand capacity by 29 MT per day across the total product categories.

# Financial Overview

## Balance Sheet

Statement of Assets and Liabilities (Figures in INR Lakhs)	Historical			Half-year Ended as of 30th Sep 23
	FY 21 A	FY 22 A	FY 23 A	
<b>Equity and Liabilities</b>				
Share Capital	1,240.1	1,240.1	1,240.1	1,653.5
Reserves and Surplus	622.6	689.8	935.0	862.7
<b>Total Equity</b>	<b>1,862.7</b>	<b>1,929.9</b>	<b>2,175.1</b>	<b>2,516.2</b>
Long-Term Borrowings	464.5	385.6	166.2	144.1
Deferred Tax Liabilities (net)	148.4	185.4	277.2	292.7
Long-Term Provisions	116.9	136.2	180.5	205.7
<b>Total Non Current Liabilities</b>	<b>729.8</b>	<b>707.1</b>	<b>623.9</b>	<b>642.5</b>
Short-Term Borrowings	600.5	715.8	894.0	843.9
Trade Payables	848.0	1,022.0	1,139.2	1,392.6
Total Outstanding Dues of Micro Enterprises and Small Enterprises	80.1	88.6	101.7	119.8
Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	767.9	933.4	1,037.5	1,272.8
Other Current Liabilities	274.2	434.6	285.9	367.8
Short-Term Provisions	15.2	20.9	23.8	64.7
<b>Total Current Liabilities</b>	<b>1,737.8</b>	<b>2,193.2</b>	<b>2,342.9</b>	<b>2,669.0</b>
<b>Total Equity and Liabilities</b>	<b>4,330.3</b>	<b>4,830.3</b>	<b>5,142.0</b>	<b>5,827.6</b>
<b>Assests</b>				
Property Plant and Equipment	2,712.81	3,083.68	2,869.51	2,818.27
Capital Work-in-Progress	54.10	-	-	-
Long-Term Loans and Advances	318.75	250.26	307.72	369.86
Other Non Current Assests	30.73	28.58	28.66	35.04
<b>Total Non Current Assests</b>	<b>3,116.39</b>	<b>3,362.52</b>	<b>3,205.89</b>	<b>3,223.17</b>
Inventories	430.92	668.26	916.87	1,240.13
Trade Receivables	652.97	754.66	959.24	1,259.66
Cash and Bank Balances	9.49	8.57	16.04	20.04
Short Term Loans and Advances	120.48	36.28	43.90	84.62
<b>Total Current Assests</b>	<b>1,213.86</b>	<b>1,467.77</b>	<b>1,936.05</b>	<b>2,604.45</b>
<b>Total Assests</b>	<b>4,330.3</b>	<b>4,830.3</b>	<b>5,142.0</b>	<b>5,827.6</b>



# Financial Overview

## Income Statement

Income Statement (Figures in INR Lakhs)	Historical			Half-year Ended as of 30th Sep 23
	FY 21 A	FY 22 A	FY 23 A	
<b>Revenue from Operations</b>	<b>6,118.1</b>	<b>8,733.4</b>	<b>11,722.8</b>	<b>7,077.9</b>
<b>COGS</b>	<b>(4,803.0)</b>	<b>(6,335.4)</b>	<b>(8,684.6)</b>	<b>(5,139.4)</b>
Cost of materials consumed	(4,697.3)	(6,399.8)	(8,888.7)	(5,278.0)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(105.7)	64.5	204.1	138.6
<b>Gross Profit</b>	<b>1,315.1</b>	<b>2,398.0</b>	<b>3,038.2</b>	<b>1,938.5</b>
Employee benefits expenses	(673.3)	(903.1)	(1,059.9)	(616.3)
Other expenses	(846.2)	(1,056.0)	(1,270.8)	(662.6)
<b>EBITDA</b>	<b>(204.5)</b>	<b>438.9</b>	<b>707.5</b>	<b>659.5</b>
Depreciation/amortisation expense	(260.6)	(260.7)	(274.5)	(140.7)
Other income (Interest Income)	1.0	6.9	1.5	0.2
Financial costs	(88.8)	(80.9)	(97.4)	(43.1)
<b>EBT</b>	<b>(552.9)</b>	<b>104.2</b>	<b>337.0</b>	<b>475.9</b>
Current tax	-	(17.7)	(55.9)	(119.4)
Deferred tax	152.2	(37.0)	(91.8)	(15.4)
MAT Credit entitlement	0.3	17.7	55.9	
<b>PAT</b>	<b>(400.3)</b>	<b>67.2</b>	<b>245.2</b>	<b>341.0</b>

## Common Size Statement

Income Statement	Common Size			Half-year Ended as of 30th Sep 23
	FY 21 A	FY 22 A	FY 23 A	
<b>Total Revenue Growth</b>		<b>43%</b>	<b>34%</b>	<b>(40%)</b>
Revenue	100%	100%	100%	100%
<b>COGS</b>	<b>(79%)</b>	<b>(73%)</b>	<b>(74%)</b>	<b>(73%)</b>
Cost of materials consumed	(77%)	(73%)	(76%)	(75%)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2%)	1%	2%	2%
<b>Gross Profit</b>	<b>21%</b>	<b>27%</b>	<b>26%</b>	<b>27%</b>
Employee benefits expenses	<b>(11%)</b>	<b>(10%)</b>	<b>(9%)</b>	<b>(9%)</b>
Other expenses	<b>(14%)</b>	<b>(12%)</b>	<b>(11%)</b>	<b>(9%)</b>
<b>EBITDA</b>	<b>(3%)</b>	<b>5%</b>	<b>6%</b>	<b>9%</b>
Depreciation/amortisation expense	(4%)	(3%)	(2%)	(2%)
Other income (Interest Income)	0.0%	0.1%	0.0%	0.0%
Financial costs	(1.5%)	(0.9%)	(0.8%)	(0.6%)
<b>EBT</b>	<b>(9.0%)</b>	<b>1.2%</b>	<b>2.9%</b>	<b>6.7%</b>
Current tax	0.0%	(0.2%)	(0.5%)	(1.7%)
Deferred tax	2.5%	(0.4%)	(0.8%)	(0.2%)
MAT Credit entitlement	0.0%	0.2%	0.5%	0.0%
<b>PAT</b>	<b>(6.5%)</b>	<b>0.8%</b>	<b>2.1%</b>	<b>4.8%</b>



Thank You!