
To Date: 10.10.2024

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

Subject: Transcript of Analyst/ Institutional Investors meeting

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, We enclose transcript of meeting with Analyst/Institutional Investors which was held on Saturday, October 05, 2024.

In this regard, a transcript of the aforesaid meeting is attached herewith. Further, the said transcript shall also be available on the website of the Company.

https://cfpl.net.in/documents/Analyst%20Investor%20Meeting-(October%2005,%202024).pdf

Request you to take the above information on record.

Thanking you.

Yours truly,
For **CHATHA FOODS LIMITED**

Priyanka Oberoi
Digitally signed by Priyanka Oberoi
Date: 2024.10.10 15:23:25 +05'30'

PRIYANKA OBEROI
COMPANY SECRETARY & COMPLIANCE OFFICER

Chatha Foods Limited

Analyst/Institutional Investor Meeting

October 05, 2024

MANAGEMENT: CHATHA FOODS LIMITED

- MR. PARAMJIT SINGH CHATHA (CHAIRMAN AND MANAGING DIRECTOR)
- MR. KULBEER WALIA (CHIEF ACCOUNTS OFFICER)

PARTICIPANTS: SOVRENN FINANCIAL TECHNOLOGIES PRIVATE LIMITED

- MR. DHRUF MEHTA

NV ALPHA FUND

- MS. SURABHI SUTARIA

MONEYBEE INVESTMENT ADVISORS

- MR. ANURAG ROONWAL

Paramjit Singh Chatha: technically, other than McDonald's and KFC, we're working with all the QSR and CDR companies. 2022, we even started a small plant, which we thought we will, which we started to manufacture value-added mock meats, as we call them, which are like, we call them plant-based mock meat products. So, in that we were producing for all the brands which are there.

We were producing for Blue Tribe, Plantaway, KFC, Shaka Harry. So, some of that model didn't really take off very well. It didn't take a worldwide, as you would be aware, the plant-based business actually didn't come up the way the world thought it would come up based on sustainability and other things, which actually didn't work out.

So now we are producing vegetarian products in that plant. So, coming into the vegetarian segment, we thought that we need to add more value to our QSR customers by bringing in a more range of products and also get into the export business and get into the B2C business as well. So that's the reason we raised funds through an IPO.

We are setting up a plant for flatbreads and frozen to fry products. So, flatbreads, like we're doing, we will be producing tortillas like 10,000 pieces an hour. We'll be doing malabari paratha 9,000 pieces an hour.

A certain very unique kind of a paratha which I won't disclose as of now is again 9,000 pieces an hour, plus a large frozen to fry products where we want to rope in the burger chains as well in the QSR segment. So that's the broad know-how about the company.

Dhruf Mehta: So, the lion's share of the business is towards the non-vegetarian products, but I think right now you're shifting, you're also catering towards the vegetarian products. So, is there any margin differential like in these two particular segments like non-veg versus veg?

Paramjit Singh Chatha: Dhruf, so vegetarian we're doing in a very small way at the moment because it was a very small plant which we set up with a capacity of six metric tons per day. So, on margin difference, no there is not too much of a difference in the margin. The margin remains the same. In fact, in the business we are proposing to set up, the margins would be higher than the non-vegetarian segment.

Dhruf Mehta: And as far as I read in the con call, you all are looking more towards the export market from the new plant?

Paramjit Singh Chatha: Export and export, QSR and the B2C segment, the three segments is what we're looking at.

Dhruf Mehta: And when can we expect the commercialization of the new plant?

Paramjit Singh Chatha: We should be in a position to start our commercial trials by April 25 and we should give it another three months to do the commercial, semi-commercial trials. So, let's say by July we should be in commercial production, July 25.

Dhruf Mehta: And what could be the incremental revenue in terms of absolute, as you said 6,000 metric tons, as in if we want to quantify that then that would turn around to how much incremental revenues?

Paramjit Singh Chatha: Incremental should be once we have full capacity, Dhruf, it should be two times of what we are doing now, what we'll do this financially or more than this. So, it should be like, we should be doing like INR175 crores incremental from that unit, from the new unit once we are at 100% capacity. So, the total capacity we are setting up is around 14,000 metric tons annually.

Anurag Roonwal: 14,000 metric tons. Just to, since we are on this, sir, I was just reading the previous con call that we had. So, I read that, we can do around 17,000 metric tons from that plant and can get INR210 crores kind of revenue from that. So, is that the figure that we're looking for?

Paramjit Singh Chatha: 17,000 metric tons, Anurag. Yes, but we have, we were also trying to do naan breads in that plant, which we wanted come to an automatic line. But the automatic lines have been, we've done a lot of research, they're very expensive. And manually, we don't want to do it. So, the idea was first that we will do it manually, like a lot of other people are doing. So, we won't be doing manual naan breads. So that's something we've taken out. So, the capacity is like now 13,500 to 14,000 metric tons.

Anurag Roonwal: And total outlet that will be there for this plant? Total investment that would be undertaken for this plant?

Paramjit Singh Chatha: Investment will be between INR40 to INR44 crores, Anurag.

Anurag Roonwal: Okay, so the investment amount remains the same, but you're saying the capacity would be sort of around 13,000-14,000. Is that understanding correct?

Paramjit Singh Chatha: So, we just taken out the manual naan production, Anurag. So that was not a very big investment that is something because it's very labor intensive. It's very, very labor intensive. So that's something we decided not to get into.

Surabhi Sutaria: Okay. Usually -- since we're on this, usually, your asset has not increased. Historically, if I seen not gone over 2.5x, but now you're saying INR175 crores with a capex of 44 that comes out to like 4x close to asset on. So, is it because of the change in the product mix or upgradation of technology? How is it?

Paramjit Singh Chatha: It's a totally different product mix. So, it's a high capacity, you know, production lines what we're getting.

Surabhi Sutaria: And what is the margin for this kind of products?

Paramjit Singh Chatha: Margins would be we're talking of approximately 30% to 35% gross.

Surabhi Sutaria: Okay. Also, I just wanted to go to the history a little bit more. If I see 2017 to '19, you had done -- sorry, 2018 and '19, you've done a gross margin of 30%-33%. And you managed to do EBITDA margins of 11%-12% and that has not been replicated ever since. So, I wanted to know what was it that you all were doing then, and is 11%-12% margins can be doable with the non-veg products itself, barring the new products.

Paramjit Singh Chatha: 11%-12% EBITDA margins, Surabhi, would be slightly challenging now. But yes, I mean, 8%-10% EBITDA margins is what we can do in the non-vegetarian.

Surabhi Sutaria: So, what was it that you'll did back then that got you these kind of margins?

Paramjit Singh Chatha: Surabhi, see, it all depends on -- so we are dealing with multiple QSRs, right? And when you're dealing with multiple QSRs, you're dealing with multiple products. Okay. And QSR keeps improvising on their menus. Okay. So, it keeps happening, like we had a few products which were high margin products, which are not there anymore in the menu. So, these things keep happening. So mainly the reason, one was the COVID coming in, our raw material pricing escalating after COVID, things settled down. But yes, a lot -- I mean, some of the high margin products were taken off from the menu.

Surabhi Sutaria: Got it. And now if I like move on to the customers, I see like Jubilant Foodworks, for example, like Domino's, it has gone from like INR37 crores to INR60 crores. And in the last two years, it has been INR60 crores-INR61 crores. So incremental, is this kind of the orders that you're seeing like INR60 crores annually? Is this the peak that you've reached with Domino's? And what kind of other supplier base do they have apart from you?

Paramjit Singh Chatha: Surbhi, that is something the QSR normally does. I mean, looking at their increase in outlet base, looking at the increase in the geographical store opening. So yes, they do go into multiple vendor base. So that is normal trend with the QSR. They always don't want to depend too much on one vendor, which is very well accepted. Because yes, as they grow, regional suppliers also come up, dependency has to be limited. So that's the reason.

Surabhi Sutaria: So, you would be like around 5-odd-percent of the Domino's supplier base of the meat?

Paramjit Singh Chatha: No, not 5%. We would be around 50%.

Surabhi Sutaria: You would be around 50%. And who would be the other like, is it a two-player market? Is it like multiple player market?

Paramjit Singh Chatha: Normally, it is two to three players market.

Surabhi Sutaria: Okay. So, the opportunity size doesn't seem large with QSRs. Like if you're INR60 crores, it's like 50%. So, peak would be like INR200 crores kind of an opportunity with, say, like Jubilant or Subway. I believe KFC and McDonald's would be higher because of bigger chicken in their menu. But for semi QSRs, Jubilant peaks at 200, other QSRs would peak, Blue Tokai and everyone would peak much lower than 200, right?

Paramjit Singh Chatha: Much lower. Yes, much lower.

Surabhi Sutaria: So how many customers addition do we have in the pipeline?

Paramjit Singh Chatha: It's an ongoing process. So that's actually what we do. So, we have at least -- like Blue Tokai, Third Wave were acquired this year, right? Chinese Wok is another account which was acquired going at a very fast pace. Taco Bell was acquired last year. So, we are in the process of acquiring almost six to seven more customers, which we call them as medium-sized QSR.

So, customer acquisition is a continuous process. When we're talking about the vegetarian segment, so we have not tapped into the burger market as well as of now. We work with Burger King, obviously, but we don't have a large burger line. So, we're not doing the fried burgers for them. We're just doing a couple of sides for them. Plus, I mean, that's a very large market. That's what we intend getting into now.

Surabhi Sutaria: Got it. I mean, if anyone has other questions, otherwise, I'll just...

Anurag Roonwal: Yes. So, in terms of burger, so I read that line is quite capital intensive, setting up a patty line. So how are the economies different in a burger line as compared to the other products that we have.

Paramjit Singh Chatha: Anurag, economies in terms of?

Anurag Roonwal: I mean, how does the math work? For a plant, like what kind of investment would be required for this? And what could be the payback period? What could be the margins in this, the numbers basically related to a patty plant?

Paramjit Singh Chatha: So, the margins comparatively are lower, if you look at that. But then your overheads are also much lower in a burger line. So, the kind of production line we are into as of now, is more overhead intensive in terms of manpower. But when you look at the burger line, maybe the margins comparatively are lower, but then your direct expenses are also much lower and the production is much higher with much lower overheads.

Anurag Roonwal: But in terms of margins, how does it work out?

Paramjit Singh Chatha: That is something we'll have to look into. I really can't put my thumb on that at the moment.

Anurag Roonwal: But in the new plant that you're setting up right now, there is one line that you're putting up for patty, right?

Paramjit Singh Chatha: That's for vegetarian patties.

Anurag Roonwal: So vegetarian and non-vegetarian patty, they are quite different in terms of the investments that are required?

Paramjit Singh Chatha: Investment is the same.

Anurag Roonwal: In terms of customers, I wanted to understand, so when you make a product, its primarily order based, right? I mean, you get projections from your customers. What's the frequency of those projections? Is it weekly numbers that they give you, monthly or how does it work out?

Paramjit Singh Chatha: So, most of the times, majority of the customers give us quarterly projections. But the quarterly projections are fine-tuned every month.

Anurag Roonwal: So quarterly, I think it's a small period. But I actually wanted to understand, are you sort of getting a sense on the kind of growth that these big players are expecting? Any kind of feedback or anything that you have received from them in terms of the growth?

Paramjit Singh Chatha: Feedback we keep getting regularly from them or?

Anurag Roonwal: In terms of the kind of growth that these players are expecting. I mean, I'm sure these guys would like to keep you in the loop.

Paramjit Singh Chatha: Yes, they do.

Anurag Roonwal: So, what kind of growth are these people expecting going forward?

Paramjit Singh Chatha: Anurag, in terms of growth, all we have shared is number of stores which are going to be opened. But in terms of our volumes being picked up, there are no definite projections on that. So, what we are updated is on how many number of stores are going to be open every year.

Anurag Roonwal: Can a number be given to us in terms of number of stores that they're going to go set up, in percentage terms?

Paramjit Singh Chatha: No, I am not supposed to share that.

Dhruf Mehta: Sir, in the annual report, we have said that there are plans we could add the Yum group, the ADF and the Tata group to the clientele list. So, could you share some insights on that?

Paramjit Singh Chatha: Yum is already there. So, when we say Taco Bell, so Taco Bell is Yum.

Dhruf Mehta: Yes. And apart from that, Tata group and ADF group has also been mentioned. So what plans are there for us, what kind of synergies we are thinking when we are saying that Tata group could be a clientele. So, could you share some insights on that?

Paramjit Singh Chatha: See some of these companies are large companies. We already supplying some products to them, which are becoming a part of an ingredient to the final product they are going to make. So, let's see how it takes off, how they further grow on that.

Dhruf Mehta: And previously, I think 5-6 years back, we were also working with ITC, if I'm not wrong.

Paramjit Singh Chatha: So not 5-6 years back, it was 14 years back.

Dhruf Mehta: Sorry. So, we were working with ITC in the gravy part.

Paramjit Singh Chatha: Yes, we were making the Kitchens of India brand for that. We were producing that.

Dhruf Mehta: So, is there a possibility to add that particular segment as well and collaborate with the likes of ITC again? Or how is the market to collaborate with ITC currently? Do we see any path over there?

Paramjit Singh Chatha: We have not explored that, Dhruf. On the Kitchens of India brand, we worked with them for almost 7-8 years. But somehow the volumes were not actively picking up, not only for ITC. I mean, if you're aware of that time, there was the whole ready-to-eat segment, the likes of MTR, Kohinoor foods, many players came in, but somehow that segment didn't take off. Kitchens of India brand is still there, but if you will go to the market you still see it, but it's got a very, very small presence which is being done by ITC itself somewhere in UP I think.

Surabhi Sutaria: So, I just want to talk about - a little bit about the customer approval process since we bought it up. So how long does it take to get someone like a Domino's on board and for them to accept your product and even for these new customers what is like the gestation period and is it very different when you go to the export market? Do you need like additional approvals or stuff like that?

Paramjit Chatha: Surabhi, the export market is something which we will explore. One for the export market is a certification, you have to be BRC certified for our existing plant we are BRC certified plus we will be BRC certified for a new plant as well. So BRC certification is a standard certification, food safety certification required and accepted by almost all the countries. And then obviously when you want to export to US, you'll have to get the FDA approval.

You want to go to Middle East, you will have to do their municipal corporation approvals. So, when we start, you will have to go to BRC becomes a standard umbrella food safety certification and then as whichever country you go to, you will have to get the local approvals like we got ourselves FDA approved for the vegetarian plant. So those approvals are done online and we are still FDA approved. So those are the normal approvals which are required.

Now coming to onboarding a new customer. Onboarding a product is different, but when you're onboarding a new customer it depends Surabhi. So, some of the large MNCs might take six months. We have to go through a lot of documentation. We have to go through plant approvals, their own internal plant approvals, third party audits. So, it can take as long as six months and with some customers, it's like you're on boarded in a couple of months.

So basically, it's documentation and the plant audits and approvals what happens. Food safety approvals is what everybody goes through and then it's signing the non-disclosure agreements and the parent, the main principle group approving all the documentation. So, it normally does take anywhere between three to six months.

Surabhi Sutaria: Got it. And what is the working capital cycle like for the MNC players? So how does the inventory rotate because I see your working capital days are like very less like 20 to 30 days? So, is that the nature of the business or do you do something differently?

Paramjit Chatha: Walia ji can you explain that better?

Kulbeer Walia: So, we receive the money from the customers in 30 to 35 days and our inventory period is including the raw materials and the FD is around 30 days of the sales per month and creditors are around 40-45 days. So, a net working capital of around 15 to 20 days is required normally.

Surabhi Sutaria: So even with the MNCs?

Kulbeer Walia: Yes, no they're good in paying.

Surabhi Sutaria: Okay. And if I go back to like the capex part of the question you said INR125 crores 4x asset on, I'm assuming 10% to 11% margins in that. Is my assumption correct over there?

Paramjit Chatha: The new plant.

Surabhi Sutaria: Yes.

Paramjit Chatha: Surabhi, I think we'll better that.

Surabhi Sutaria: So, with that, let's assume 10% to 11% you're coming at a 30% ROCE incremental ROCE kind of business with similar 25 to 30 days of working capital as opposed to you have never done over 25% of ROCEs. In the current plant, is it possible to do those kind of ROCEs or just the product mix is getting you all of this incremental returns?

Kulbeer Walia: Surabhi, ROCE since with the new project, since we have fixed asset turnover ratio is more as you have rightly said earlier also. So, when turnover is more in due to the less capex it tends to increase but in the existing unit…

Surabhi Sutaria: Sorry, I'm just trying to understand if the non-veg part of the business, if you do some higher margin products like you all were doing earlier.

Kulbeer Walia: Yes, definitely then it will. Yes, that's linked to PAT. So, it will definitely.

Surabhi Sutaria: So, do you have any kind of those products in the pipeline or something?

Paramjit Chatha: We do yes.

Surabhi Sutaria: And like is it coming one year, two years down the line kind of a thing if you could just...

Paramjit Chatha: No, it should come six months down the line.

Surabhi Sutaria: So, you could end 25, 26 with 12% margins 12%, 13% margins combined with everything.

Paramjit Chatha: We could yes. I mean we should.

Surabhi Sutaria: Yes.

Dhruf Mehta: Sir although we have a long-standing relationship with, suppose, Jubilant, Domino's, Subway, but could there be a possibility that they start having their in-house manufacturing or -- I just wanted to understand the barrier to entry. A new player coming in, could there be any kind of disruption on that front?

Paramjit Singh Chatha: Dhruf, Jubilant already is doing an in-house production, if you're aware, they've already set up a facility in Bangalore. No, Dhruf, so it was a very clear understanding between us and Jubilant, Dhruf. So, I mean, that is what I appreciate about them. This thing was not like hidden from us, or this thing was not like -- We were not taken into the loop. So, I mean, what was finalized between us and Jubilant? So mainly, all the other vendors have been suspended. So, it is only Chatha Foods and Jubilant now. And with a commitment from Jubilant on a 30% to 35% business of the total volume.

Surabhi Sutaria: Which is INR60 crores?

Paramjit Singh Chatha: Sorry?

Surabhi Sutaria: Which is INR60 crores?

Or it could be more, because if you're saying INR60 crores, less actually.

Paramjit Singh Chatha: No, it could be more, Surabhi, it could be more. Because see, like even this year, like you have to understand it's an ongoing process. Like even this year, a lot of the old products, what we were doing have been, or the 60%-70% of the volume has been shifted to the Bangalore plant. A lot of new products have been added, which we are doing totally. Right? So, with QSR, I mean, all the time new products keep getting added.

New ranges keep getting added. Popeyes is something which we are doing for them for North. So, it should end at INR60 crores plus, I think.

Surabhi Sutaria: Got it. And the other thing, the plant-based and the vegetarian manufacturing facilities are 20% utilizations. Is it fungible? Because the realizations have also dropped, that product didn't pick up. One, is it fungible? And how will you spread that asset?

Paramjit Singh Chatha: So that total asset simply will shift to a new facility.

Surabhi Sutaria: Okay. Yes.

Paramjit Singh Chatha: As far as capex is concerned. See, this facility Surabhi, just to explain a little bit more technical to you, we had set up a burger line. But working for burgers with a large QSR needs slightly more equipment directly, right. And with the volumes they want, there is something called a spiral freezer, which is a prerequisite from them. So, this plant was a small plant set up for small capacities.

We didn't actually have the space to put up the spiral freezer in this facility. So, this line with some additional equipment's, which will enhance the capacity to almost three to four times. And a spiral freezer coming in is where this whole asset is fungible. It will shift to the new facility. And this facility, we will expand our chicken facility into this.

So, we have some very interesting proposals coming up from some new customers, which we cannot share at the moment. So, we will definitely need to increase our area for the chicken processing as well.

Surabhi Sutaria: Got it. And how difficult is it? This is just like industry purpose, but how difficult is it to onboard to a McDonald's?

Paramjit Singh Chatha: Surabhi, I really don't know. We've never explored that. I think it will be very difficult.

Surabhi Sutaria: Got it. Because I thought like the closest second would be Jubilant to onboard. And if you've done that, I mean...

Paramjit Singh Chatha: Surabhi, onboarding McDonald's is not in terms of any other thing, but in terms that McDonald's works with OSI worldwide. So, I mean, so McDonald's has a strategic tie up with OSI, which is Vista Foods in India.

Surabhi Sutaria: Got it. Thank you.

Dhruf Mehta: Sir right now, we have the capex model in place. But going forward, could there be a possibility that we outsource the capacity? As in we like outsource the capacity and thereby increase our margins, without relying a lot on heavy capex. Could we like do that in the future? Or because of the qualities, we want to have the best quality, I presume because of the best clients you'll have. So, what would be the future road back?

Paramjit Singh Chatha: Dhruf, that is the one bridge we will cross as it comes. When it comes to working with the QSR, I don't think we will be outsourcing anything. But for export markets, once we start exports, there will be some products, which we might have to bring it into the basket. So, we are not really closed on that part of outsourcing.

Dhruf Mehta: Got it. And sir as far as clients are concerned, we are working with the biggest players right now. But if we start working with the smaller QSR players or cater to the HORECA industry, do we think that we could squeeze a little bit higher margin than the players that we are currently catering to?

Paramjit Singh Chatha: We are already doing that, Dhruf. We are already expanding that market. Our next year focus is to bring in a lot of small and medium QSR products are being developed to, suit their requirements. That is exactly what we are working towards.

Dhruf Mehta: So that is kind of value accretive?

Paramjit Singh Chatha: Yes, because see, if you look at the QSR industry, the local players are not doing too bad. In fact, I would say they're doing pretty good. Local startups are doing pretty good. And we've without naming, we've had some very, very good experiences with a few local QSRs who started very small with us. And as on date, they're like 40-50 tons requirements, 40-50 metric ton requirement per month, starting at a one, one and a half metric ton requirement per month. They have grown to like a 40-50 metric ton requirement per month over single product.

So that has been a big eye opener for us. We are already in dialogue with a lot of startups. You know, I wouldn't say like one store, two store startups, but there are a lot of startups which have reached out 20 stores, 25 store, 30 store kind of a business, more than burgers, pizzas, wraps.

And one interesting development, Dhruf, we've done is we even, put it up on the BSE. So, we have even ventured into the dessert segment. So, there is something called as a Chocolate Empanada, what we're giving to Taco Bell. It's doing okay. And so, we had a, it was our product, we developed it on our own. It's our IP.

So, we had an agreement with the Taco Bell not to launch it two months, only after two months of their launch. So, we are going to launch that also. So that is another inroad we want to make into the smaller QSR on the dessert part.

Dhruf Mehta: And as far as margins are concerned, can we assume a 1.5% to 2% extra margins from these smaller players? As in, if we start catering to them in a larger basis?

Paramjit Singh Chatha: I would say slightly more, Dhruf.

Dhruf Mehta: Okay.

Paramjit Singh Chatha: What we do for them is not customized products. So, these, what we do for them is our own IP, our own products, off the shelf products, what we call them. So, margins would be better.

Dhruf Mehta: And as far as export market is concerned, the white label process that y'all are going to follow, what could be the margins over there? Like when we do white labeling in the export market?

Paramjit Singh Chatha: Dhruf, it's too early for me to talk about that. It's too early. We have something in our mind, but it's too early because I think by December, January is the time when we'll start talking to customers.

We've had soft discussions on the lines we are setting up with large exporters. But when it comes to margins, that is something we still haven't toyed with them because we are still in the process of our own R&D and research and product development. So, we're in the process of doing a product development.

Like we already developed the Malabari Paratha for which we're setting a line. We're working on the tortillas now. So, we exactly, we're not exactly sure of our costings to talk about margin as of now.

Dhruf Mehta: Got it. So, April 25, the new plant commercializes and…

Paramjit Singh Chatha: Semi-commercializes, Dhruf, at what we call them as semi-commercial trials. Which is not for sale. It is just in-house semi-commercial trials.

Dhruf Mehta: So, by end of FY '26, like next...

Paramjit Singh Chatha: By July, Dhruf. By July '25, we should be entering commercial production.

Dhruf Mehta: And how much time does it typically take to take your plant to a capacity utilization of around 50%-60%?

Paramjit Singh Chatha: To do it by the end of FY '26. Well, these are not very difficult products to sell. I'm quite hopeful. There's a big demand for tortillas. It's a very growing demand. There's a very big demand for Malabari Paratha, both in retail and export and the QSR market. So, we think we can do a quick turnaround plus our frozen to fry line. We're very confident once we have the IQF and the spiral freezer in place, we should be able to onboard the burger chains as well.

Dhruf Mehta: So, by end of FY '26, we could add at least INR100 crores to the top line if INR175 crores, was the peak and 50%, 60% if we utilize...

Paramjit Singh Chatha: We intend not INR100 crores, Dhruf. Because see, even if we reach a 50% capacity, we will just have a sale of 7 to 8 months. Because the first 3 months, I don't think there will be any sale we'll be doing. A sale should only start in July, although we would love to do it earlier. But we're targeting first 3 months as, all these semi-commercial trials, because we're buying some very large lines. We are not familiar with those lines. We're not familiar with bread, to be honest. So, we want to give ourselves at least 3 months to get familiar with that.

Dhruf Mehta: And so, one, there was a -- I think there was a strategic investor that has taken -- I had seen, there was a bulk deal by Frigerio Allana. There was a fund as a company. And I just saw that they are also into the same business. So, could we expect some kind of synergies? Or like, could they help us get more clients or something like that?

Paramjit Singh Chatha: There is something going on, Dhruf.

Dhruf Mehta: Okay. Thank you, sir.

Surabhi Sutaria: How will the product mix look like 3, 4 years down the line? Like from breads versus what you're doing currently? How will it shift from chicken to breads, naans, parathas? Will it be 50-50? What will it look like 3, 4 years down the line?

Paramjit Singh Chatha: Surabhi, in the bread line will grow at a much faster pace. But we can still say it's 50-50. We can still say it's 50-50 because we intend doing some very interesting things in chicken as well. We're trying to do some dough and chicken products also.

Surabhi Sutaria: Thank you.

Dhruf Mehta: And what is your R&D team strength currently? As in, do we require continuous R&D in the normal product? As you said, that tortillas and those products are easily saleable. But do we require constant upgradation to this base products or like how does it work?

Paramjit Singh Chatha: No, it has to be a continuous R&D. See, we can't just stick to a weak tortilla. We would love to do corn tortillas. We love to do multi-grain tortillas. We love to do spinach tortillas. So, R&D always has to be on. You can't put a stop to R&D. You shouldn't put a stop to R&D.

Dhruf Mehta: And what is the strength currently?

Paramjit Singh Chatha: We have three people as of now in R&D.

Dhruf Mehta: And when you say the export market, what regions are we talking about? Is it Europe or North America or like any specific regions do we have in mind?

Paramjit Singh Chatha: We have specific customers in mind. We don't have specific regions in mind because at the moment, we're going to start with white label. We are not going to start our own brand sales. But we definitely will do that. But to begin with, that is something we would like to avoid for at least 1 year.

Dhruf Mehta: Okay, Anurag ji, any questions from your side?

Anurag Roonwal: No, I'm good. Thank you.

Dhruf Mehta: I think you've explained it very well, sir. Surabhi, do you have?

Surabhi Sutaria: No, I think as of now, I don't have. If we have in the future, I'll connect with you.

Dhruf Mehta: Sure. Thank you, Paramjit sir.

Paramjit Singh Chatha: Thank you, everybody. I Hope all I explained made some sense. Thank you so much.

Dhruf Mehta: Of course. I'll send you a summary like of the entire like whatever we've understood. And then we'll connect more. If there are any changes, you just let me know.

Paramjit Singh Chatha: Sure.

Dhruf Mehta: Thank you.

Paramjit Singh Chatha: Thank you, guys.