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CHATHA FOODS

PROCESSED & FROZEN FOOD

CHATHA FOODS LIMITED



(Please scan the QR code to view the Prospectus)

Our Company was incorporated as a public limited company in the name and style of 'Chatha Foods Limited' pursuant to certificate of incorporation dated October 8, 1997 issued by Registrar of Companies Punjab, H.P & Chandigarh. Subsequently, our Company was converted into a private limited company and consequently the name of our Company was changed to 'Chatha Foods Private Limited' and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. Thereafter, the name of our Company was again changed to its present name, i.e., 'Chatha Foods Limited' pursuant to its conversion from private limited to a public limited company and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent upon such conversion. For further details please see section titled 'History and Certain Corporate Matters' on page 125 of the Prospectus dated March 22, 2024.

Registered Office: 272, Mota Singh Nagar, Jalandhar - 144 001, Punjab, India; Corporate Office: Village Chaudheri Ambala Road, District Mohali, Mohali - 140 501, India; Telephone: +91 18146 16381; Email: cs@cfpl.net.in; Website: www.cfpl.net.in; Contact Person: Priyanka Oberoi, Company Secretary and Compliance Officer

PROMOTERS OF OUR COMPANY: PARAMJIT SINGH CHATHA, GURPREET CHATHA, GURCHARAN SINGH GOSAL AND ANMOLDEEP SINGH

THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF BSE LIMITED

OUR COMPANY HAS FILED THE PROSPECTUS DATED MARCH 22, 2024 WITH THE ROC; THE EQUITY SHARES PROPOSED TO BE LISTED ON THE BSE LIMITED; TRADING IS EXPECTED TO COMMENCE ON OR ABOUT MARCH 27, 2024

BASIS OF ALLOTMENT

INITIAL PUBLIC ISSUE CONSISTING OF FRESH ISSUE OF 59,62,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF CHATHA FOODS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 56 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 46 PER EQUITY SHARE) AGGREGATING TO ₹ 3,338.72 LAKHS (THE "ISSUE"), OF WHICH 3,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E., NET ISSUE OF 56,62,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ 56 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 46 PER EQUITY SHARE AGGREGATING TO ₹ 3,170.72 LAKHS (THE "NET ISSUE"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.50% AND 25.17% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

ANCHOR INVESTOR ISSUE PRICE: ₹56/- PER EQUITY SHARE OF FACE VALUE ₹10/- EACH

ISSUE PRICE: ₹56/- PER EQUITY SHARE OF FACE VALUE ₹10/- EACH

The Issue Price is 5.6 times of the Face Value.

BID/ ISSUE PROGRAMME

ANCHOR INVESTOR BIDDING DATE WAS: MONDAY, MARCH 18, 2024

BID/ ISSUE OPENED ON TUESDAY, MARCH 19, 2024

BID/ ISSUE CLOSED ON THURSDAY, MARCH 21, 2024

RISKS TO INVESTORS:

- (i) We intend to utilize a portion of the Net Proceeds for setting up the Proposed Manufacturing Facility at Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India ("Proposed Manufacturing Facility"). We are yet to place orders for plant and machinery and apply for requisite government approvals for the Proposed Manufacturing Facility. If we are unable to commission our Proposed Manufacturing Facility without time and cost overruns or unable to adhere to the schedule of implementation, it may adversely affect our business, results of operations and financial condition.
- (ii) The purchase of land by the Company for setting up the Proposed Manufacturing Facility is subject to compliance with certain terms and conditions. Failure to comply with such conditions could adversely affect our business and financial condition.
- (iii) We derive a substantial portion of our revenue from the sale of products in the non-vegetarian segment. Any loss of business in this segment may adversely affect our business, results of operations, financial conditions and cash flows.
- (iv) Our Registered Office and godowns/ warehouses are not owned by the Company.
- (v) Our Promoter have extended personal guarantees and personal properties as collateral security with respect to various loan facilities availed by our Company. Revocation of any or all of these personal guarantees may adversely affect our business operations and financial condition.
- (vi) We have not entered into any arrangements for alternate source of raising the funds required for our "Objects of the Issue". Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.
- (vii) Our Company has reported negative cash flow in the past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.
- (viii) Our Manufacturing Facility and operations are concentrated in Mohali region and any adverse developments affecting this region could have an adverse effect on our business, results of operations and financial condition.
- (ix) The Merchant Banker associated with the Issue has handled 6 public issues out of which 1 opened below Issue price on listing day. Below are the details:

Particulars	Number of Issues Handled	Issue Opened below Issue Price on Listing
Main Board	1	Nil
SME	5	1

(x) Average cost of acquisition of Equity Shares held by our Promoters:

Name of the Promoter	Number of Shares held	% shareholding	Average cost of acquisition per Share (in ₹)
Paramjit Singh Chatha	42,44,695	25.67	13.33
Gurpreet Chatha	34,72,277	21.00	8.44
Gurcharan Singh Gosal	41,39,013	25.03	12.17
Anmoldeep Singh	4,87,200	2.95	3.81

(xi) Basic and Diluted Earnings Per Share (EPS) as adjusted for change in capital:

(in ₹)

For the year ended	Basic EPS	Diluted EPS	Weight
March 31, 2021	(2.42)	(2.42)	1
March 31, 2022	0.41	0.41	2
March 31, 2023	1.48	1.48	3
Weighted Average	0.47		
Six months ended September 30, 2023*	2.06	2.06	

*Not Annualised

(xii) The Price/ Earnings (P/E) ratio in relation to the price band:

Particulars	P/E Ratio at the lower end of the Price Band (no. of times)	P/E Ratio at the higher end of the Price Band (no. of times)
Based on Basic & Diluted EPS as per the Restated Financial Statements for the year ended March 31, 2023	35.81	37.84
Based on Weighted Average EPS	111.97	118.31

(xiii) Weighted average cost of acquisition compared to Floor Price and Cap price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 53)	Cap price (i.e. ₹ 56)
Weighted average cost of acquisition of primary / new issue (excluding shares issued pursuant to bonus) during 18 months preceding the date of RHP where an issuance is equal to or more than 5% of the pre issue fully diluted paid up share capital in a single transaction or multiple transactions combined together over a span of rolling 30 days.	NA	NA	NA
Weighted average cost of acquisition for secondary sale / acquisition (excluding gifts) during 18 months preceding the date of RHP where an issuance is equal to or more than 5% of the pre issue fully diluted paid up share capital in a single transaction or multiple transactions combined together over a span of rolling 30 days.	25.00	2.12 Times	2.24 Times

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PROPOSED LISTING: WEDNESDAY, MARCH 27, 2024

*Subject to the receipt of listing and trading approval from BSE Limited

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI ICDR Regulations, as amended, wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), the "QIB Portion", provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "Issue Procedure" beginning on page 200 of this Prospectus.

SUBSCRIPTION DETAILS

The bidding for Anchor investor opened and closed on Monday, March 18, 2024. The Company received 6 Anchor Investors application for 23,30,000 Equity Shares. The Anchor allocation price was finalised at ₹ 56/- per Equity Share. A total of 16,98,000 Equity Shares were allotted under the Anchor Investor portion aggregating to ₹ 9,50,88,000/-

The Issue received 15,750 applications for 7,92,06,000 Equity Shares (prior to valid rejections) resulting in 13.29 times subscription. The details of the applications received from various categories including market maker are as under:

Table with columns: Sr. No., Category, No. of Applications Received, No. of Equity Shares Applied, No. of Equity Shares available for allocation (as per Prospectus), No. of times Subscribed, Amount (in ₹)

Final Demand:

A summary of final demand (prior to any rejections) as per BSE as on the Bid/Issue Closing Date at different prices is as under:

Table with columns: Sr. No., Bid Price, Bids Quantity, % of Total, Cumulative Total, % of Cumulative Total

The Basis of allotment was finalised in consultation with the Designated Stock Exchange, being BSE Limited (BSE SME) on March 22, 2024

1) Allotment to Retail Individual Investors (After Technical Rejections & Withdrawal):

The Basis of Allotment to the Retail Individual Investors, who have Bid at Cut-off Price or at the Issue Price of ₹56/- per Equity Share, was finalised in consultation with BSE SME. The category was subscribed by 14,24 times i.e. for 2,82,24,000 Equity Shares. Total number of shares allotted in this category is 19,82,000 Equity Shares to 991 successful applicants. The category wise details of the Basis of Allotment as under:

Table with columns: No. of Shares applied for (Category Wise), Number of applications received, % to Total, Total No. of Shares applied in each category, % to Total, Proportionate shares available, Allocation per Applicant (Before/After rounding off), Ratio of allottees to applicants (after rounding off), Number of Successful applicants (after rounding off), % to Total, Total No. of Shares allocated/allotted, % to Total, Surplus/Deficit

2) Allotment to Non-Institutional Investors (After Technical Rejections & Withdrawal):

The Basis of Allotment to the Non-Institutional Investors, who have Bid at cut-off price or at the Issue Price of ₹56/- per Equity Share, was finalised in consultation with BSE SME. The category was subscribed by 44.49 times i.e. for 3,78,20,000 Equity Shares. Total number of shares allotted in this category is 6,50,000 Equity Shares to 1,214 successful applicants. The category wise details of the Basis of Allotment as under:

Table with columns: No. of Shares applied for (Category Wise), Number of applications received, % to Total, Total No. of Shares applied in each category, % to Total, Proportionate shares available, Allocation per Applicant (Before/After rounding off), Ratio of allottees to applicants (after rounding off), Number of Successful applicants (after rounding off), % to Total, Total No. of Shares allocated/allotted, % to Total, Surplus/Deficit

Main listing table with columns: No. of Shares applied for (Category Wise), Number of applications received, % to Total, Total No. of Shares applied in each category, % to Total, Proportionate shares available, Ratio of allottees to applicants, Total No. of Shares allocated/allotted, % to Total, Surplus/Deficit

3) Allotment to Qualified Institutional Buyers (excluding Anchor Investors) (After Technical Rejections & Withdrawal):

The Basis of Allotment to the Qualified Institutional Buyers, who have Bid at Issue Price of ₹56/- per equity share, was finalised in consultation with BSE SME. The category was subscribed by 8.52 times i.e. for 96,46,000 Equity Shares. Total number of shares allotted in this category is 11,32,000 Equity Shares to 8 successful applicants. The category wise details of the Basis of Allotment as under:

Table with columns: No. of Shares applied for (Category Wise), Number of applications received, % to Total, Total No. of Shares applied in each category, % to Total, Proportionate shares available, Ratio of allottees to applicants, Total No. of Shares allocated/allotted, % to Total, Surplus/Deficit

4) Allotment to Anchor Investors (After Rejections & Withdrawal):

The Company in consultation with BRLM i.e. Indoriant Financial Services Limited has allotted 16,98,000 Equity Shares to 6 Anchor Investor at the Issue Price of ₹56/- per equity share in accordance with the SEBI ICDR Regulations. The category wise details of the Basis Allotment are as under:

Table with columns: CATEGORY, FIS/ BANKS, MF's, IC's, NBFC's, AIF, FPC, OTHERS, TOTAL

There shall be a lock in of a) 90 days on 50% of the Equity shares and b) 30 days on the remaining 50% of the Equity Shares allotted to the anchor investors from the date of allotment.

5) Allotment to Market Maker:

The Company in consultation with BRLM has allotted 3,00,000 Equity Shares to the Market Maker at the Issue Price of ₹56/- per Equity share in accordance with the SEBI ICDR Regulations.

The Board of Directors of the Company at its meeting held on March 22, 2024 have approved the Basis of Allocation of Equity Shares as approved by the Designated Stock Exchange viz. BSE Limited and has authorised corporate action for issue of Equity Shares to various successful applicants. The CAN-cum-allotment advices and/or notices will be forwarded to the email id/s/ address of the Applicants as registered with the depositories/ as filled in the application form on or before March 26, 2024. Further, the instructions to Self-Certified Syndicate Banks for unblocking the amount will process on or before March 26, 2024. In case the same is not received within two working days, investors may contact at the address given below. The Equity Shares allocated to successful applicants are being credited to their beneficiary accounts subject to validation of the account details with the depositories concerned. The Company is taking steps to get the Equity Shares admitted for trading on the BSE SME within three working days from the date of the closure of the Issue.

Note: All capitalized terms used and not defined herein shall have the same meaning as ascribed to them in the Prospectus dated March 22, 2024 filed with Registrar of Companies, Chandigarh.

INVESTORS PLEASE NOTE

The details of the allotment made would also be hosted on the website of the Registrar to the Issue, Skyline Financial Services Private Limited at www.skylinert.com, all future correspondence in this regard may kindly be addressed to the Registrar to the Issue quoting full name of the First Sole applicants, serial number of the Bid-cum-Application Form, number of shares applied for and bank branch where the application has been lodged and payment details at the email id and at the address of the registrar given below:



Skyline Financial Services Private Limited, D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020, India.

Telephone: + 011-2681 2682-83; Email: ipo@skylinert.com, info@skylinert.com; Website: www.skylinert.com

Investor Grievance Id: ipo@skylinert.com; Contact Person: Anuj Rana; SEBI Registration No: INR000003241

Date: March 26, 2024

Place: Jalandhar

THE LEVEL OF SUBSCRIPTION SHOULD NOT BE TAKEN TO BE INDICATIVE OF EITHER THE MARKET PRICE OF THE EQUITY SHARES ON LISTING OR THE BUSINESS PROSPECTS OF CHATHA FOODS LIMITED.

Disclaimer: CHATHA FOODS LIMITED is proposing, subject to market conditions, public issue of its equity shares and had filed a Prospectus dated March 22, 2024 with the ROC. The Prospectus shall be available on the website of the SEBI at www.sebi.gov.in as well as on the website of the BRLM at www.indoriant.in, the website of the BSE SME at www.bseindia.com. Any potential investor should note that investment in equity shares involves a high degree of risk and for details relating to such risks, see "Risk Factors" beginning on page 22 of the Prospectus.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) within the United States only to persons reasonably believed to be "Qualified Institutional Buyers" (as defined in Rule 144A of the Securities Act) under Section 4(a) of the Securities Act and (ii) outside the United States in offshore transaction in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offer and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

CONCEPT

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