Management Discussion

Ayush Jadia - Investor Relations Associate, ORIM CONNECT
Good evening, everyone, and a warm welcome to all of you. I'm Ayush from ORIM CONNECT representing the Investor Relations team of Vegorama Punjabi Angithi Limited.

On behalf of the Company, I would like to thank you all for joining today for H1 FY '27 earnings con call. We are joined today by the Company's senior management team, Mr. Deepak ji, he is the Chairman and Managing Director of the Company; Mr. Ayushman ji, he is the Finance Head. Thank you for taking time and joining us today.

I would like to hand over the call to Mr. Deepak ji for his opening remarks, followed by address, we'll open the floor for question-and-answer session. Over to you, Deepak ji.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Good afternoon, everyone. Thank you for joining us for the H1 FY '27 earnings call of Vegorama Punjabi Angithi Limited. I would like to welcome all our investors, analysts and stakeholders. I will begin by giving you an overview of our business, our operating model, key development during the first half of FY '27 and our growth priorities going forward.

Vegorama Punjabi Angithi Limited was incorporated in 2022, building on the Punjabi Angithi brand, which was established in 2014. Over the years, we have evolved from a single restaurant into a multi-vertical food services and business with a presence across cloud kitchens, takeaway, catering and fine dining. We operate a portfolio of five food brands offering a wide range of pure vegetarian cuisine. Our focus remains on quality, affordability, authentic flavors and consistent customer experience. Our business is supported by our scalable cloud kitchen model. We currently operate 27 cloud kitchen and two fine dining restaurants with operations spread across Delhi NCR and other markets.

Our operational operating model is designed around a base kitchen supporting multiple satellite kitchens. This enables centralized procurement, standardized recipes, better quality control and improved utilization of kitchen infrastructures. It also allows us to expand into new micro market with relatively low incremental investments. During H1 FY '27, we continued to strengthen our network with four new cloud kitchens commencing operating and one existing location recommencing operations. We are continuously working on adding more cloud kitchens to further strengthen our position and increase our market share.

We are also planning to launch one of the premium portfolio brand, Swaad of Punjab, in all our -- of existing 27 locations. This will help us to positively boost our existing revenue base from the existing cloud kitchen network and improves our profit margins. We are also planning to launch our new brand in current quarter of the financial year in home-style food segment, which is expected to contribute positively and further strengthen our position, existing market. We are planning to open approximately 15 to 18 cloud kitchens in the segment of the coming month. This will involve very low capex per outlet. The cost of operation will be substantially lower and it will be contributing higher gross margins and result in better capital utilization.

Our expansion strategy remains focused on identifying locations with strong residential catchment, food delivery demand, corporate presence and attractive unit economics. During H1, we have also strengthened our call center operation to drive more offline sales and serve directly to our customers. This initiative will help us to further improve our margins. We are also working toward enhancing operating efficiencies through our centralized kitchen initiatives. For a fully automated

central kitchen is expected to be commissioned in quarter four. This initiative is aimed at improving production efficiency, reducing manpower, better raw material utilization and minimizing food wastages.

We are targeting a 1.5% to 2% improvement in operating margins through these structural efficiencies. The central kitchen will also support future expansion by enabling higher production capacity without a proportional increase in operating cost. Another important growth initiative is our proposed premium pure vegetarian fine dining restaurant and celebration hall project in Gurgaon C-389. The project will have a covered area of approximately 16,400 square feet and will cater to corporate events, conferences, social occasions and premium dining demand. The facility is planned to include fine dining services, celebrations, banquet -- mini banquet hall, catering support and cloud kitchen operations.

Commercial operations are expected to commence in FY '27-'28, subject to the completion of development and other necessary processes. The project will strengthen our omnichannel presence by bringing together digital delivery, premium dining, catering and event-based revenue opportunities. Going forward, our growth roadmap is focused on expanding our cloud kitchen network, strengthening our fine dining presence, entering new market through a cluster-based model and building a stronger digital ecosystem. We remain focused on sustainable growth, disciplined expansion, customer satisfaction and improving operational efficiencies.

With this, I would like to hand over the discussion to Mr. -- to our Finance Head, Mr. Ayushman, who will take you through the financial performance and key financial developments for HY -- FY '27. Thank you very much, sir.

Ayushman Thakur - Finance Head, Vegorama Punjabi Angithi Limited
Good afternoon, everyone. Thank you, Mr. Deepak. I will now take you through the financial performance of Vegorama Punjabi Angithi for first half of financial year '27, along with our revenue mix, profitability, historical performance and balance sheet position.

During H1 FY '27, the Company delivered strong growth across its key financial parameters. Revenue from operation increased by 46.53% year-on-year to INR10,005.96 lakhs compared to INR6,828.57 lakhs in H1 financial year '26. Total income stood at INR10,083.56 lakhs, registering growth of 47.27% year-on-year. EBITDA increased by 63.59% to INR1,463.24 lakhs compared to INR894.46 [Phonetic] lakhs in corresponding period last year.

Our EBITDA margin improved to 14.62% from 13.10%, reflecting an improvement of 152 basis point. Profit before tax increased by 64.05% to INR1,396.98 lakhs, while profit after-tax rose by 62.58% to INR1,039.36 lakhs compared to INR638.23 lakhs in HY [Phonetic] financial year '26. PAT margin improved to 10.39% from 9.35%, an improvement of basis -- 104 basis point. Diluted EPS stood at INR6.26 for financial year -- for H1 financial year '27.

The performance reflects the revenue growth along with an improvement in operating profitability during the periods. Revenue mix, our business contribute to be primarily driven by our digital-first operating model. During H1 financial year '27, the e-commerce contribute approximately 91.58% of revenue following by takeover -- takeaway and catering at 7.05% and dine-in at 0.98% and corporate thali at 0.39%. Our presence across the cloud kitchen, takeaway, catering and dine-in enables us to serve customers through multiple channels while maintaining diversifying revenue base. The digital platform-led model also supports efficiency, collection, transaction, transparency and working capital management.

Historical financial performance. Our past three financial year, the Company has demonstrated significant growth in revenue and profitability. Revenue from operation increased from INR6,594.59 lakhs in financial year '24 to INR10,130.52 lakhs in financial year '25 and INR14,086.87 lakhs in financial year '26. EBITDA increased from INR648.52 lakhs in financial year '24 to INR1,158.67 lakhs in financial year '25 and INR1,705.29 lakhs in financial year '26. EBITDA margin improved from 9.77% in financial year '24 to 11.35% in financial year '25 and 12.05% in financial year '26.

Similarly, PAT increased from INR464.14 lakhs in financial year '24 to INR818.48 lakhs in financial year '25 and INR1,203.71 lakhs in financial year '26 with PAT margin improved over the period. This reflects the growth in our business scale along with continued improvement in profitability. Balance sheet position. As on -- as of September '26, total assets stood at INR7,182.18 lakhs compared to INR3,399.13 lakhs as on March 2026.

Shareholders' fund increased to INR6,269.58 lakhs compared to INR2,637.27 lakhs end of the year of financial year '26. Long-term borrowings stood at INR335.53 lakhs while short term borrowings were INR15.78 lakhs. Cash and cash equivalents stood at INR953.48 lakhs along with other bank balance of INR1,949.58 lakhs. The Company continues to focus on maintaining financial discipline while investing in infrastructure and expansion initiatives to support its growth plan.

Cash flow. During the H1 financial year '27, the net cash flow from operating activities stood at INR1,208.32 lakhs. Investing activities recorded an outflow of INR3,420.84 lakhs, while the financing activity generated INR2,479.06 lakhs. The net increase in cash and cash equivalents during the period stood at INR266.54 lakhs, taking closing cash and cash equivalents to INR953.48 lakhs. The investment outflow reflects the Company's ongoing investment and expansion related activities.

Outlook. Going forward, our focus remains on profitability business, improving operating efficiency, better utilization of our kitchen infrastructure and disciplined capital deployment. The centralized -- the central kitchen initiative is expected to be -- support the cost efficiency and operating leverage, while our expansion into new location and the premium dining formats is expected to strengthen our revenue base over the coming year. We remain focused on maintaining the healthy financial performance while building the infrastructure required for the next few years of growth.

With this, I would like to conclude my remarks and thanks all the investors and stakeholders of their continued trust and support. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Rohan, an Individual Investor. Please go ahead, sir.

Rohan - Individual Investor
Hello.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Hello.

Rohan - Individual Investor
Yeah. Hi, sir. Good evening. Sir, congrats on the superb set of numbers.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you. Thank you.

Rohan - Individual Investor
Sir, firstly, actually I wanted to understand like right now we have 27 cloud kitchens, right? I mean, we've opened four in the last two quarters and plus we are targeting another four over Q3 and Q4, right? So by the end of this year, we'll have around 31 cloud kitchens. So at an optimum level, like say at an optimum level, what kind of revenue per outlet or per kitchen do you see, right? Whether it's INR1 crore per month or INR50 lakh per month, what is that number?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Rohan, basically we are going on a very excellent pace, 60% to 70% we are focusing on every year. This year we have a -- we have very [Foreign Speech] with a good revenue number.

Rohan - Individual Investor
Okay. So sir, 60% to 70% is your guidance going forward or only this year? Like next year also, can we expect a similar growth?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Going forward, FY '27-'28, we are targeting INR1 crore daily. INR365 crores is our number to achieve. We have given the -- we have -- we [Foreign Speech].

Rohan - Individual Investor
So, sir, [Foreign Speech] understanding [Foreign Speech] because apart from the guidance that you're giving, [Foreign Speech] how much can come, because by the end of the year, say we have 30 cloud kitchen outlets, plus [Foreign Speech] dine-in, banquet hall [Foreign Speech], right? So like existing Punjabi Angithi and Swaad of Punjab [Foreign Speech]? Dine-in say what kind of -- 16,000 square feet is quite a large area. So what are some other two numbers.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Rohan - Individual Investor
[Foreign Speech]

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Rohan - Individual Investor
[Foreign Speech] Okay. So I understood. [Foreign Speech] So that's around INR8 crores to INR9 crores per year. [Foreign Speech] plus your dine-in will also come in. So all these factors will enable to...

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Per day. INR70 lakhs per day [Foreign Speech].

Rohan - Individual Investor
Okay. Okay. Understood. Understood. [Foreign Speech] And sir...

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
INR70 lakhs per day, INR20 crores per month. [Foreign Speech]. We are closing to 60% to 70% growth this year and next year we are just [Foreign Speech] climbing to INR1 crore daily. [Foreign Speech]

Rohan - Individual Investor
Okay, sir. [Foreign Speech] like we have seen your focus of more towards the Delhi, UP, [Foreign Speech]. But in the presentation, we now see that you have mentioned about FY '28 expansion beyond those core markets, right? So now is that our next phase of, say, is that our vision that we want to become a pan-India sort of player or are we focused more towards North only and these are just trials? Like just a view on where you see the vision of this Company, right?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] I think so.

Rohan - Individual Investor
Okay, okay. And sir, [Foreign Speech].

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] INR1,000 crores revenue target in next three years to four years with improved margins, with improved EBITDA and with unit economies, with best possible. [Foreign Speech]

Rohan - Individual Investor
Okay. Sir, two questions. [Foreign Speech] whatever the brand you mentioned, [Foreign Speech]. That is the first question. And second thing, [Foreign Speech], what is the size? Like square feet wise, size [Foreign Speech] and what exactly is the status as of today? Like have the utilities been installed and are we -- have we started ordering the equipment? Like [Foreign Speech] just to know that, okay, Q4 is a reasonable timeline.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] Everything is live.

Rohan - Individual Investor
And how large is that like in square feet?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Rohan - Individual Investor
Okay. And sir, this -- the other brand, you mentioned the health food brand, how many outlets you're planning this year, if you can just repeat that?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
15 to 18 outlets, 15 to 18 outlets according to aggregator's research and growth development, [Foreign Speech].

Rohan - Individual Investor
[Foreign Speech]

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] After all the meetings, we are targeting to INR1 crore daily revenue into -- from 1st April 2027 with the best optimization margins and EBITDA [Foreign Speech].

Rohan - Individual Investor
Okay. And sir, [Foreign Speech] operating cash flows [Foreign Speech] strong even in H1. So we will see this going forward as well, right, especially considering you're a consumer brand...

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Rohan - Individual Investor
Sir, sorry, last question, I'll just squeeze in. Sir, [Foreign Speech] and all of that. And generally we see Zomato is very strong -- like has good relationships with a strong brand, they try to squeeze out others. So what is your advantage over there? Because [Foreign Speech] outlets also are running at such good economics and plus like I think your breakeven period seems to be quite low, looking at the growth in H1 and all of that, right? So what is your advantage there? Like a relationship-based [Foreign Speech] data-based [Foreign Speech], how are you driving that relationship?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] mission is the main aspect. [Foreign Speech]

Rohan - Individual Investor
Okay. And sir, dine-in [Foreign Speech], can we expect like the 16,000 square feet facility, the banquet hall line and we can expect higher margins because there you don't have your aggregator commissions and all and plus owned, I think that place, right? So can we expect higher margins there?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Rohan - Individual Investor
Okay. Sir, and future [Foreign Speech] like you said next year [Foreign Speech] INR350 crores, INR360 crores from your core markets only you will get. Can we see the Company going in a -- like you said, Jaipur belt [Foreign Speech], Punjab, [Foreign Speech], all of these you have cracked it on the maybe data front, right? So can we see that down the line, three years down the line, these markets can also grow to a INR300 crores, INR400 crores sort of scale for us or that is too optimistic?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] not INR350 crores, INR340 crores. We will achieve INR365 crores in 2027-2028 definitely. [Foreign Speech]

Rohan - Individual Investor
Okay, sir. Okay. [Foreign Speech] Thank you so much and all the best.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you very much, Rohan.

Operator
Thank you. [Operator Instructions] Our next question comes from the line of Abhi Jain with AJ Capital. Please go ahead.

Abhi Jain - Analyst, AJ Capital
Hi, good evening. Hope I'm audible?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Good evening.

Abhi Jain - Analyst, AJ Capital
Good evening, sir. [Foreign Speech]

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you.

Abhi Jain - Analyst, AJ Capital
[Foreign Speech] for almost 20 years. This was almost a cloud kitchen, [Foreign Speech] I can reach any customer anytime. [Foreign Speech] that has been a unique USP about them. [Foreign Speech] and that was your USP. Fresh food [Foreign Speech]. So why go into these adjacent businesses right now [Foreign Speech] because you would have better understanding obviously.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Abhi Jain - Analyst, AJ Capital
[Foreign Speech] ultimately will you be able to go out on your own? Because the 28% [Foreign Speech] it's still a very [Foreign Speech].

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Abhi Jain - Analyst, AJ Capital
Right, sir. Sir, third question [Foreign Speech], could you just provide us some metrics that [Foreign Speech] to understand [Foreign Speech] what you track on a weekly basis, to understand how this business is so strong. [Foreign Speech]

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Abhi Jain - Analyst, AJ Capital
Right, sir. That was helpful, sir.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Abhi Jain - Analyst, AJ Capital
Right, sir. Congratulations, sir, after whatever you're building, whatever you are selling, [Foreign Speech], and congratulations on the future of it. Thank you.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you. Thank you, sir. Thank you.

Operator
Thank you. Our next question comes from the line of Manav Kothari, an Individual Investor. Please go ahead.

Manav Kothari - Individual Investor
Hello, everyone. Good evening, Deepak ji.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Good evening, sir. Good evening.

Manav Kothari - Individual Investor
Congratulations on a fantastic set of numbers. First of all, crazy execution [Foreign Speech].

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you very much.

Manav Kothari - Individual Investor
Next another -- another compliment for you [Foreign Speech], you are fantastic there as well.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you. Thank you. Thank you.

Manav Kothari - Individual Investor
[Foreign Speech] regarding the current number of stores at 27. So if I just ask the revenue from a store which is, say legacy storage, which is more than 24 months operational and there is some stores which are -- which will be somewhere around 12 months to 24 months. And third segment, there are stores which are newly opened in six months to 12 months. So [Foreign Speech] average turnover [Foreign Speech], if I may ask.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] with all apps, aggregators and all subs. [Foreign Speech].

Manav Kothari - Individual Investor
Sorry, sorry, monthly, yeah, yeah, correct, correct, monthly.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
We do INR3.5 lakhs to INR4 lakhs daily, right, that means 1,000 orders per day.

Manav Kothari - Individual Investor
Correct, correct. Perfect. Sir, as per what I've read [Foreign Speech] I knew that matured stores should be doing somewhere around INR9 crores, but now that has also increased to INR12 crores, which is showing the SSG -- SSSG has increased from around 25 percentage to 30 percentage.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] 60% to 70% [Foreign Speech] within six months.

Manav Kothari - Individual Investor
Correct. Perfect. Perfect, yeah. And sir, if March 2027, we'll be having what 33 stores, correct?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
31 stores, 31 stores.

Manav Kothari - Individual Investor
31 stores. So if I just...

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
31 stores. You complete.

Manav Kothari - Individual Investor
No, sorry, I meant March 2028, at the end of FY '28, we'll be having around 40 stores.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] That is a new target for Vegorama Punjabi Angithi Limited, and we will achieve this.

Manav Kothari - Individual Investor
Correct. [Foreign Speech] when we have 45 stores and say 15 stores are new and there will be 20 stores which will be matured more than 18 months. So your just -- just the store metrics will be somewhere around INR350 crores to INR400 crores and we are not including, I guess the dine-in here.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] I'm not including. [Foreign Speech] This is a very exact calculation you are getting. [Foreign Speech]

Manav Kothari - Individual Investor
Correct. And I have done metrics for banquet and fine dine-in as well. But what's your aspiration, FY '28, banquet, fine dine-in, [Foreign Speech]?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] that is just a small celebration hall for 50 persons to 80 persons at a small birthday party [Foreign Speech], conference hall, conferences [Foreign Speech], business meetings [Foreign Speech], tea, coffee meetings [Foreign Speech] we are now live on a sitting experience, dining experience [Foreign Speech] daily we will do there. But it is...

Manav Kothari - Individual Investor
[Foreign Speech] me sitting in Mumbai, I see [Foreign Speech], if I had the food once and [Foreign Speech], then I'll obviously order on online as well.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech]

Manav Kothari - Individual Investor
Correct. And sir, is your aggregator [Foreign Speech] point, that is a very great point about the [Foreign Speech], will it be a very stretch cycle to [Foreign Speech]?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] without any commissions, 0% commissions. [Foreign Speech]

Manav Kothari - Individual Investor
Correct. [Foreign Speech] Perfect. Correct. And another question I'd like to ping here is, so [Foreign Speech], that is somewhere around INR50 lakhs to INR70 lakhs including the ramp-up cost, correct?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
INR45 lakhs to INR50 lakhs.

Manav Kothari - Individual Investor
INR45 lakhs to INR50 lakhs. And when we're sitting on a six monthly, say we are sitting on a INR9 crore to INR10 crore cash flows, is it feasible that we can open a single -- one store per month, [Foreign Speech] if we are sitting on that cash, I guess eight monthly stores [Foreign Speech].

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
We can do. We can do. But we want profitable also, [Foreign Speech]. We have to be a very comfortable place, [Foreign Speech].

Manav Kothari - Individual Investor
[Foreign Speech] Super, I'm very, very confident as of now with some confidence on the table. [Foreign Speech] and I would also like to encourage all the investors participated here [Foreign Speech] if I know you were also trying to open somewhere in Mumbai, Pune and Bangalore [Foreign Speech] and then you tried and [Foreign Speech] and now you are again trying to only cover the North correct?

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
[Foreign Speech] we will achieve the target what we say.

Operator
Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to Mr. Ayush Jadia for closing comments. Over to you, sir.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you very much, sir.

Ayush Jadia - Investor Relations Associate, ORIM CONNECT
Thank you so much everyone for joining today's call. I thank you, Deepak ji and Ayushman ji for their valuable time. On behalf of Vegorama Punjabi Angithi Limited, we appreciate your time and participation. For any other further queries, please reach out to us at letsconnect@orim.in. Thank you, everyone.

Deepak Chadha - Managing Director, Vegorama Punjabi Angithi Limited
Thank you. Thank you.

Ayushman Thakur - Finance Head, Vegorama Punjabi Angithi Limited
Thank you.

Operator
[Operator Closing Remarks]