

6th August, 2025

National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. Symbol: ADFFOODS	BSE Limited, Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip Code: 519183
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Subject: Transcript of Q1 & FY 2025-26 Earnings Conference Call.

Dear Sir/Madam,

Pursuant to Regulation 30 & 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith a copy of the transcript of Earnings Conference Call held on Friday, 01st August, 2025.

The same is also available on the website of the Company at www.adf-foods.com.

This is for your information and record.

Thanking You,

Yours faithfully,
For **ADF Foods Limited**

Shalaka Ovalekar
Company Secretary

Encl: as Above



“ADF Foods Limited
Q1 FY '26 Conference Call.”

August 01, 2025



MANAGEMENT: **MR. BIMAL THAKKAR – CHAIRMAN AND MANAGING DIRECTOR – ADF FOODS LIMITED**
MR. SHARDUL DOSHI – CHIEF FINANCIAL OFFICER – ADF FOODS LIMITED
MR. SUMER THAKKAR – GENERAL MANAGER, SALES AND STRATEGY – ADF FOODS LIMITED

MODERATOR: **MR. RAVI UDESHI – ERNST & YOUNG**

Moderator: Ladies and gentlemen, good day, and welcome to the ADF Foods Limited Q1 FY '26 Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Ravi Udeshi from EY. Thank you, and over to you, sir.

Ravi Udeshi: Thank you, Shruti, and good afternoon, everyone. We welcome you to the Q1 FY '26 Earnings Conference Call of ADF Foods Limited. To take us through the results and to answer your questions, we have with us the top management of ADF Foods Limited, represented by Mr. Bimal Thakkar, the Promoter and also the Chairman and Managing Director; Mr. Sumer Thakkar, the General Manager, Sales and Strategy; and Mr. Shardul Doshi, the Chief Financial Officer.

We will start the call with an overview of the business and the recent business updates by Mr. Sumer Thakkar, and then Mr. Shardul Doshi will give his comments on the financials. As usual, the standard Safe Harbor clause applies while we start the call. With that said, I will now hand over the call to Sumer. Over to you, Sumer.

Sumer Thakkar: Thank you, Ravi. Good evening, everyone. In Q1 FY '26, our consolidated revenue rose by around 10% year-on-year to INR132.9 crores, even as we faced global economic uncertainties, tariffs and seasonal fluctuations. Consolidated EBITDA stood at INR23.5 crores, reflecting a healthy margin of 17.7% despite ongoing brand investments and rising input costs.

These challenges were effectively mitigated through disciplined cost management and enhanced operational efficiencies. The strategic reorganization of our sales team in the U.S. and the formation of a new team in Australia in previous quarters have started to yield positive outcomes in terms of new listings. We expect this to result in revenue growth in the coming quarters.

We successfully completed a brand refresh for Truly Indian and showcased the updated identity at a prominent food exhibition receiving encouraging feedback from the trade as well as the consumers. With the refreshed packaging set to rollout in Q3 FY '26, we anticipate further momentum and increased brand traction. The expansion of the Surat Greenfield facility is progressing as planned and is on track to commence operations in the second half of FY '26.

Looking ahead, we remain cautiously optimistic of sustaining our growth trajectory in the current financial year amidst global economic uncertainties and tariffs and expect to achieve meaningful scale across all business segments.

I will now hand over to Shardul, our CFO, who will comment on the financials. Thank you.

Shardul Doshi: Thank you, Sumer, and good evening to everyone. I'll first share the consolidated performance. For Q1 FY '26, the company's consolidated revenues reached INR132.9 crores, marking a 9.3% increase year-on-year and a 16.5% decrease quarter-on-quarter.

Consolidated EBITDA for the quarter was INR23.5 crores, which is a 20% increase from the previous year, and the EBITDA margin was 17.7%, which has increased by 160 bps year-on-year and 220 bps quarter-on-quarter. The consolidated PAT for the quarter was INR15.2 crores. This represents a 5.9% increase year-on-year and a 7.3% decrease quarter-on-quarter. The resulting PAT margin was 11.5%.

In the first quarter of fiscal year 2026, stand-alone revenues were INR100.3 crores reflecting a 3.4% year-on-year growth and 25.5% quarter-on-quarter decrease. The company's EBITDA for the quarter was INR22.5 crores, which is a 1.3% decrease year-on-year and a 23.3% decrease from the previous quarter.

The EBITDA margin was 22.4%, a decrease of 110 bps year-on-year and an increase of 60 bps quarter-on-quarter. Profit after tax for the quarter was INR17 crores with a PAT margin of 16.9%. The company is making long-term investment in its brand and management resources, as we have been telling you in the past with an eye towards future growth.

Despite these investments and the challenges of pricing input costs, the company's effective cost management in other areas has helped protect its overall profitability. The company plans to continue balancing its cost structure to maintain its profitability metrics. These strategic investments have already resulted in some significant listings for Ashoka and Truly Indian brands in major retail chains. This is a promising start with the potential for higher growth in the coming quarters. Notably, the Truly Indian brand is now available in 1,600 stores across the USA.

The company's capital expenditure program is on track, with over 90% of our budget fully committed now. And we have already spent 50% of it. The new plant is also expected to be commissioned by second half of this fiscal year. The company's financial position also remains strong with a net debt-free balance sheet and a robust net cash balance of INR95 crores.

With this, I now return to Ravi Udeshi to open the floor for question and answer. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Shalini Gupta from East India Securities.

Shalini Gupta: I had a couple of questions. One is that you were saying that Ashoka has got a new listings in the USA, UK. So which are these new listings?

Bimal Thakkar: So Shalini, this is Bimal Thakkar. The new listings, which we've got are in Australia, in UK and in the U.S. These are with large retail chains, club stores like Costco, that is for Australia and U.S. And we've got some additional listings in the UK in Tesco.

Shalini Gupta: Tesco. And sir, you said the same thing about Truly Indian. So if you could just speak about that also.

- Bimal Thakkar:** So Truly India, we've got some additional listings in various supermarkets across America. And also, we've been able to get a listing in Costco in one of their divisions in the U.S. All these listings, I mean, the product will be available from September end, early October onwards.
- Shalini Gupta:** Okay. And sir, like I just was a little curious, brand promotion expenses are like INR15 crores, which is almost the same as freight cost. So if you could say how much was the freight cost this quarter? And how much was the brand promotion expense?
- Shardul Doshi:** Yes. So the freight cost is around -- of my stand-alone revenue is almost around 6%, while our total marketing spend, which includes the Truly Indian and Soul brand also is almost 7.8%.
- Shalini Gupta:** So almost 8%.
- Shardul Doshi:** Close to 8%, correct.
- Shalini Gupta:** Yes. And sir, if you could just speak on the tariff, Mr. Trump is going all over the place. So right now, you said that tariffs are 10% on for new people. So let's say, he imposes 25% tariff, that will have to be borne by you? Or how does it work out?
- Sumer Thakkar:** So Shalini, the situation still remains dynamic and we're still waiting to see what's actually going to come into fruition. As of now, it was supposed to come into effect from 1st of August, but I believe they delayed it to 7th August. But no, we will definitely not absorb the entire increase across all our various products that go to the U.S.
- We might strategically choose to absorb some of them for some key products that we want to grow, but it's still subject to what policies actually come into effect. But we have the flexibility of passing on that increase across the channels. So some to the retailers, some to the distributor.
- Shalini Gupta:** Some to the retailer, some to the distributor. Yes, I mean that is what everybody is talking about, not everybody can absorb these tariffs because they are really quite, quite huge. So I mean, even in the tech sector, though its -- technology services are not being -- the tariffs have not been put on that.
- But even over there, people are talking about passing on. And I mean, I don't want to go into what Mr. Trump is saying. He's saying they can't be passed on, the corporations have to absorb it. So I don't know. I mean, I really don't want to comment on it. Sir, like I wanted to ask you about the capex if you could say how much has been the capex in the quarter? And how much are you expecting during the year?
- Shardul Doshi:** Yes. So Shalini, for our Surat Greenfield, there is an INR90 crores capex, which is planned and almost 90% of that is already committed. We have already spent 50% of that. And we expect this plant to become operational in Q3. So by then, we should be in a position to spend the rest of the capex also.

While other than this also, there are certain brownfield projects, which are going on in our -- both the factories at Nadiad and Nasik, which is to an extent of almost INR50 crores. And I'll say half of that is also spent by now and balance will be spent in the current financial year.

Moderator:

The next question is from the line of Kumar Saurabh from Scientific Investing.

Kumar Saurabh:

Sir, if we look at FY '25 number of Ashoka, like last 5 years looks good. But last year, we grew only at 5% in the Ashoka brand. And Q1, looking at the overall numbers also, it looks like a single-digit growth rate. And this was like one brand which was doing well and then we wanted to scale up 2 more brands. So why in Ashoka, the growth rate has not been at par? And what are the remedial measures we are taking? And how do things look like for the next 1 to 3 years?

Bimal Thakkar:

So as we had mentioned earlier, we were doing some reorganization of some certain distributors, adding some more distributors in certain markets, taking out some existing distributors. So all that was the reason why you had seen a slight slowdown on the Ashoka side, plus also our sales team reorganization happened in the U.S. All that has happened now, and we're very confident in the coming -- I mean, we are already seeing results from this last quarter, things are getting better. And we are fairly confident about the growth in the next few -- next quarters for the Ashoka brand.

Also, in this last quarter, we had to -- you were aware that we had a GPCB notice -- which we got a stay order for. And so in the month of April, our production in the Nadiad factory was also not at full capacity because of that GPCB notice. And then from May, June onwards, we've had production going on as normal. So that also impacted the first quarter sales.

Kumar Saurabh:

Okay. And sir, on the Soul brand, what is the current monthly run rate of revenue and how it was 6 months back? And are you happy the way things are going on? Or like if you can give more updates on the Soul brand.

Bimal Thakkar:

So on the Soul brand, it has not gone as we had planned earlier. That's why we did a revision on our 3-year forecast. We are doing some changes in -- again, in the sales team in our strategy. And we remain fairly confident that this brand will do well in the Indian market. We've just started modern trade a few months ago. We've got some encouraging response. And also quick commerce, we just got listings from last month onwards in -- with a few of the big names. So we feel fairly confident that this will do well. But the INR100 crores plan, which we had for 3 years, that has been toned down to anywhere between INR50 crores to INR75 crores.

Moderator:

The next question is from the line of Param Vora from Trinetra Asset Managers.

Param Vora:

So I have a question regarding the Surat facility, which is expected to commence in second half of financial year '26. So sir, what is the expected capacity? And what is the product mix we expect in that facility?

Bimal Thakkar:

So in that facility, also, we are looking at certain frozen products, which are currently not being done in the Nadiad factory. So there's a new product line, which we are doing there. And some

of the products which we are doing in Nadiad, we've enhanced capacity -- expanded capacity in the Surat factory. Shardul in terms of tonnage, do you want to let them know what the capacity is going to be?

Shardul Doshi: So it will be around 10,000 metric tons capacity, and this is Phase 1, which we are constructing right now.

Param Vora: And how much time will it take to breakeven?

Bimal Thakkar: So we expect to get in year 2 on a breakeven situation after we've started production.

Moderator: Our next question is from the line of Bhumin Shah from Sameeksha Capital.

Moderator: The next question is from the line of Subhanu Bangal from 3Head Capital.

Subhanu Bangal: Why your distribution margin probably increased year-on-year?

Shardul Doshi: So this -- I think what happens is in distribution business, which is primarily the business, which we are doing it over there. There are certain marketing incentives which we keep getting. And once they are approved, we book it. Also now we have now got a certain portion of our some -- these incentive in built into the pricing. So our margins have slightly improved over the period of time. However, I think from estimate perspective, you should still keep around -- between 12% to 14% yearly margin from the distribution business.

Subhanu Bangal: This is one time?

Shardul Doshi: I think there will always be some fluctuations in quarter-on-quarter, but I think steady state affair, we should be in a position to do 12% to 14%.

Subhanu Bangal: My second question on Truly Indian. Give me some color on Truly Indian, how this brand Truly Indian going forward?

Bimal Thakkar: Well, we've been able to get some good listings in the last quarter. And the whole brand refresh also which we have done has had a very positive response, as Sumer mentioned in his opening statement. So we feel fairly confident about the growth on the Truly Indian brand. Things are going as planned as far as Truly Indian goes.

Subhanu Bangal: Any tariff can impact Truly Indian? How is the margin -- Truly Indian, any tariff can impact Truly Indian going forward because margin...

Bimal Thakkar: So, the tariffs, I think on the tariff, we have to wait to get some clarity on what actually the final tariff is. And yes, if there is an impact, we will try and pass on whatever possible to -- within the value chain. So we are not yet sure on how it will impact until we have proper clarity on the tariff.

- Moderator:** Our next question is from the line of Ravi Naredi from Naredi Investment.
- Ravi Naredi:** Sir, currently, at which capacity utilization we are running?
- Bimal Thakkar:** So Mr. Ravi, we have various products, various product categories. So I'm going to say at an average overall, we should be at about 75% to 80%. In some products, we are above 100% or at 100% at somewhere 50%. So on a weighted average, I would say, at about 75% to 80%.
- Ravi Naredi:** Very nice good capacity, sir. And one more, U.S. godown inventory turnover can you tell how much stock were being maintained there and how much turnover we get from there?
- Bimal Thakkar:** Shardul, do you want to get that?
- Shardul Doshi:** If you're referring, I think, see, we received the distribution rights for the West in the month of March, and we had to buy inventory from our previous distributor, hence, the inventory went up in that particular as of -- in the month of March. So, if you look at the consol, which includes your stand-alone, I think the inventory turnover is around 130-odd days.
- Ravi Naredi:** 130 days. And sir, impact of 25% duty on U.S., how it impacts us?
- Bimal Thakkar:** So Mr. Ravi, I think we all have to wait and watch and see what the final tariff comes in. So we will be -- whatever it is, there will be some amount which will be passed on. So at the -- if you look at it at the end retail or at the consumer level, this 25% doesn't lead to 25%, right? It would be anywhere between 10% to 15% at the end MRP level.
- And there will be within the value chain where everyone will absorb. So we will absorb some of that, the distributors will absorb some, retailers will absorb some and consumers will absorb some. So it's going to be -- once we have a full clarity we'll decide on the strategy.
- Moderator:** The next question is from the line of Pallavi Deshpande from Sameeksha Capital.
- Pallavi Deshpande:** This is regarding the distribution business. We had an increase in the TAM size, but still the growth is not there. So I wanted to understand when can we see the full growth potential for us?
- Bimal Thakkar:** Well, as Shardul mentioned, we've now received the full U.S. only from the last quarter onwards, right? So we will start seeing traction and growth in the coming quarters. Typically, there is like a slowdown in the first quarter for us always historically as well. So, from the second quarter onwards, we should start seeing the growth.
- Pallavi Deshpande:** And sir, my second question would be like in terms of Tesco. Over there, we have seen an increase to access to some more stores. Is there also an increase in the SKUs? And how is the traction for that?
- Bimal Thakkar:** So the listings have just happened -- the additional listings have just happened last month. And yes, there are some new SKUs, which have happened. And again, we feel fairly optimistic on

the success. The initial response on these new SKUs has been very encouraging. And you'll start seeing the actual effect in the quarter -- in the coming quarters.

Pallavi Deshpande: And what would be the number of store access would be there for Tesco?

Bimal Thakkar: Sumer, do you want to take that?

Sumer Thakkar: Yes, sure. So it's about on average across the SKUs, some are slightly lower, but it goes up to 150 additional stores.

Pallavi Deshpande: Okay, right. And the second one would be on Costco in terms of that, where -- I mean, how many products -- I mean SKUs there and anything happening there also in terms of increase there? Or...

Bimal Thakkar: So the Costco is -- there are 2 SKUs in Australia and 2 in the U.S. Both these, you will get on the shelves only from the first week of October. So we will only see the response once it gets in, but we feel fairly confident that this will do well. And once we have success with that in one division, then we can approach the other Costco divisions. So we feel fairly optimistic on the Costco business.

Moderator: Our next question is from the line of Bhumini Shah from Sameeksha Capital.

Bhumini Shah: Yes, all of my questions have been answered.

Moderator: Our next question is from the line of Ravi Naredi from Naredi Investment.

Ravi Naredi: Sir, how much top line we get from Australia in quarter 1?

Bimal Thakkar: Shardul, do you want to get that? So Mr. Ravi, the new listings in Costco, as I mentioned, you will start seeing that effect only in Q3 onwards. So right now, for Australia it will be end September or 1st week October.

Ravi Naredi: And how much PLI we received in this quarter?

Shardul Doshi: PLI, what we have booked is around INR2.5 crores in this quarter.

Moderator: Our next follow-up question is from the line of Pallavi Deshpande from Sameeksha Capital.

Pallavi Deshpande: I just wanted to understand on this tariff part? So Deep kitchen is the market leader, and I understand for Indian foods in the U.S. So -- do they -- so how much percentage of the sourcing would be from India versus the U.S. itself?

Bimal Thakkar: So I wouldn't have data on how much -- how the revenue split is between India and this, but majority of their vegetarian products are all being made in India. So they focus on their nonvegetarian range and manufacture that in the United States. So this will also definitely impact

them, I mean whatever it is. It's going to impact every Indian company, right? So it will obviously impact Deep as well.

Moderator: Our next follow-up question is from the line of Subhanu Bangal from 3Head Capital. (As the speaker was not audible, the Moderator moved to the next speaker)

Moderator: The next question is from the line of from Mihir Vyas from 9 Rays Equiresearch.

Mihir Vyas: Sir, as you have given revenue guidance of INR1,000 crores by FY '27. Can you give color on how the margins will fare in the time and as well as any guidance about how -- what kind of PLI benefits company can gain?

Bimal Thakkar: So to answer your PLI question, we've got INR63 crores, which has been sanctioned to us by the government. And we hope to utilize the entire INR63 crores in these 5 years that we can -- as per the sanction. And in terms of the margin guidance, I mean, as of now, we remain fairly confident of achieving the same kind of margins that we have up for getting to the INR1,000 crores.

Moderator: Next question is from the line of Pallavi Deshpande from Sameeksha Capital.

Pallavi Deshpande: Yes. I just wanted some listing on our advertising and marketing budget, like how does it look in terms of percentage of revenue? And second would be freight costs.

Bimal Thakkar: So Shardul, I'll let you get that, please.

Shardul Doshi: Yes. So marketing cost, our budget will remain in the level of 7% to 8% of our top line. That's what we expect, because right now, our investment mode is on as well as both the brands, Truly Indian and Soul are concerned, and we continue to spend money even on the Ashoka brand.

And secondly, on the freight cost, there is no, see, budget-wise, we have maintained around 6% to 7% for it. In quarter 1, it was around 6% for us. But this is variable. I think what we have seen is this keeps going up and down. So on an overall basis, if it remains below 8%, that's good for us.

Pallavi Deshpande: I was just expecting that because we're doing it now with Costco or Tesco, our advertising spend would actually come down. We would have a squeeze on the gross margin, that would be offset by advertising -- lower advertising, I was expecting that.

Shardul Doshi: So Costco and those sales, as Bimal said, I think they will start coming in from the Q3 onwards. So there will not be -- I think we have to -- this will be ramped up in our quarters later on. I think it's not that we will get significant revenues immediately in quarter 2 or quarter 3 from them.

Pallavi Deshpande: Right. So longer term, would that be right that we would have a lower ad spend and marketing spend once it ramps up there with the lower gross margin in turn?

Shardul Doshi: Yes.

Bimal Thakkar: Yes, yes. Of course, as the revenue grows, the ad spend also in terms of percentage would reduce. And we expect it to go down to around 5%. That would be the ideal state we would like to be at.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Bimal Thakkar: Thank you, everyone, for the attendance and questions, and we look forward to catching up again in the next quarter. Thanks, and have a good day.

Shardul Doshi: Thank you. Bye-bye.

Moderator: Thank you. On behalf of ADF Foods Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.