

25th November, 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 Q2 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 for Q2 FY 2025-26.

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 Q2 & H1 FY26 Earnings Conference Call”

November 10, 2025



**MANAGEMENT: MR. SUMER THAKKAR – PROMOTER & VICE
PRESIDENT (SALES & STRATEGY), ADF FOODS
LIMITED
MR. SHARDUL DOSHI – CHIEF FINANCIAL OFFICER,
ADF FOODS LIMITED**

MODERATOR: MR. RAVI UDESHI – ERNST & YOUNG



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Moderator: Ladies and gentlemen, good day, and welcome to the ADF Foods Limited Q2 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 the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Udeshi from E&Y. Thank you, and over to you, Mr. Ravi.

Ravi Udeshi: Thank you, Shlok, and good afternoon, everyone. We welcome you to the Q2 and H1 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. Sumer Thakkar – the Promoter and also the Vice President (Sales & 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 Q2 FY '26, our standalone revenue increased by approximately 12% year-on-year to INR 140 crore, despite continued uncertainty around US tariffs. The quarter witnessed steady progress in market penetration for the Ashoka and Truly Indian brands alongside the addition of new product listings in key retail outlets such as Costco.

Standalone and consolidated PAT increased by 39.1% and 34.2% to INR 29.7 crores and INR 26.4 crores respectively, supported by a better product mix, prudent cost optimization and foreign exchange gains. These results reflect healthy net margins of 21.2% and 16.2% respectively, indicating improved operational efficiency.

Our flagship brand Ashoka underwent a vibrant brand refresh that reflects its bold flavors and proud Desi identity. Meanwhile, our Truly Indian brand adopted a fresh new identity, inspired by the rich colors and lively street-style spirit of India. The expansion of the Surat Greenfield facility is nearing completion and remains on schedule to commence operations in the second half of FY '26.



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We are seeing continued traction for our brands, led by increased store penetration and geographic expansion. Our continued focus on discipline, execution and operational excellence makes us confident of sustaining the current growth rate in the long term.

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 all. I will first share the standalone performance. For Q2 FY '26, the company's standalone revenues reached INR 140.1 crores, marking a 11.5% increase year-on-year and 39.6% increase quarter-on-quarter.

Standalone EBITDA for the quarter was INR 37.7 crores, which is a 36.1% increase from the previous year. EBITDA margin was 26.9%, which has increased by 490 bps year-on-year and 450 bps quarter-on-quarter. The standalone PAT for the quarter was INR 29.7 crores, this represents a 39.1% increase year-on-year and a 75% increase quarter-on-quarter. The resulting PAT margin was 21.2%.

Coming to the H1 performance:

Our revenues from operations were INR 240.4 crores, up 8% year-on-year. EBITDA was INR 60.2 crores, registering an increase of 19.2% year-on-year. EBITDA margin was 25%, an increase of 230 bps YoY basis. PAT was INR 46.7 crores, up 21.4%, with a PAT margin of 19.4%.

In the 2nd Quarter of Fiscal Year 2026, consolidated revenues were INR 162.6 crores, reflecting 0.8% year-on-year growth and 22.4% quarter-on-quarter increase. The company's EBITDA for the quarter was INR 35.8 crores, which is a 29.1% increase year-on-year and 52% increase from the previous quarter.

The EBITDA margin was 22%, an increase of 480 bps year-on-year and an increase of 430 bps quarter-on-quarter. PAT for the quarter was INR 26.4 crores, with a PAT margin of 16.2%. As highlighted by Sumer, the margins increased due to improved product mix, balancing in cost structure and favorable foreign exchange.

As mentioned in the past, we continue to invest in our brand and management resources as an investment towards future growth. This is already bearing results. Our flagship brand, Ashoka, continues to drive growth from core and emerging markets through focused market engagement, new product introduction and deeper market penetration, supported by strengthened teams. Our global mainstream brand, Truly Indian, is also available now in 2,000 plus stores, including Costco in the US and Australia.



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For the half year ended September 30th, 2025, consolidated revenues from operations were INR 295 crores, up 4.4% Y-on-Y. EBITDA was INR 59.3 crores, a growth of 25.3%. EBITDA margin stood at 20.1%, an increase of 340 bps. And PAT was INR 41.6 crores, up 22.3%, with PAT margin of 14.1%.

The company's capital expenditure program is on track. The Surat Greenfield plant is nearing completion and expected to commence operations in H2 FY '26. The company's financial position also remains strong, with a net debt free balance sheet and robust net cash balance of INR 89 crores.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Rishi Maheshwari from Aksa Capital Advisors. Please go ahead.

Rishi Maheshwari: Thanks so much for taking my question. And thanks, Shardul; thanks, Sumer for taking through the presented remarks. One of the comments in the presentation indicated that this quarter's growth was due to deeper penetration and enhanced entry in one of the retail chains.

On Slide #21, I can see two new logos, one of which is Costco Wholesale. So, congratulations on that. What is the arrangement here? Is this relationship for Truly Indian or any other brand? How many SKUs or shelf space have you got here? And if you can also highlight, what is the number of Costco stores you have presence in right now and what is the escalation clauses over there?

Sumer Thakkar: So, this is across two countries. So, this is Costco Australia as well as Costco US. For Costco US, it is Texas and Chicago. So, Texas is actually one of the biggest divisions, which is around approximately 52 stores. We are present across all 52 stores, this is with Truly Indian. So, some of the buyers, especially Australia, prefer the Ashoka brand. So, in Australia, it is under Ashoka, but in the US, it is mostly Truly Indian. There is one SKU under Ashoka.

Costco works on an in and out basis. So, this was the trial order and then they assess rate of sales for shipment and then basis that they give you a permanent listing. And currently, in the most SKUs we have listed, it is about four SKUs in terms of shelf space with Costco Texas.

Rishi Maheshwari: Given the first order, what is the experience and what about permanent listing?

Sumer Thakkar: So, it is still a bit too soon, but we are in touch with the buyers. And based on the initial rate of sales, we are fairly confident we will get a permanent listing. And we are also pushing for some new items in shelf stable. So, far, all the SKUs are frozen.



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Rishi Maheshwari: I see. So, I also noticed that from last quarter to this quarter, the retail outlets have moved from about 1,600 to 2,000, that is about 25% growth. Can you help us understand clearly, this is just what happened over the period of quarter, but it seems fairly large. So, is it because of the Costco inclusion or is there anything else also that you would like to highlight? Most of this, I would tend to believe, apart from Costco, as you mentioned, would be permanent in nature.

Sumer Thakkar: That is correct. Only Costco works on an in and out. The rest of them are normally permanent listings. So, the jump from 1,600 to 2,000, as you know, most of these guys are pan-US, Costco was a large part of it, Costco was about 75 stores. But when you get listings, I think the major jump happened with Safeway Albertsons, which I think was about 200-odd stores. And then there were a few smaller regional chains, but all again, in the range of 70 stores - 80 stores.

Rishi Maheshwari: Sure. So, while this is heartening to appreciate, I was just trying to understand that I could not reconcile the kind of growth that you have delivered in this quarter. I presume that some of it is marred by tariff issues.

And as a result, you would not have got the choices to growth that you would have targeted for. Please, if you can give us some light in terms of what has been the reaction, firstly, how the tariff passed or not passed on? And then going forward, how should we presume about it?

Shardul Doshi: So, first part of your question about new listings. It takes time for us to build up the traction in the store. So, listing is a good thing. That is the first step that has happened. And now it is up to us now to deliver better numbers from those stores. And we are very confident to achieve with the team in place over there.

And product also, if you have seen, there is a brand refresh, which we have done. So, there is a lot of investment which is happening on people, on brand, both. And hence, we are very confident that with these new listings, which we have received, the numbers will come in the quarters to come .

As far as tariff is concerned, right now, we have passed on. We are not taking anything. Basically, we are selling at the same price at which we were selling it before to the distributors. And then onwards, they are also selling it. So, basically, any tariff which will be borne by the distributors will be passed on to the consumers into this market.

Now, saying this, we will have to wait and see the reaction. If you know our products are in the price bracket of like \$2 to \$5 largely. And hence, say 50% tariff amounts to roughly say 20% in the final price to the consumers, which translates into like from \$2, it will become \$2.40 - \$2.50 and for \$5, it will become like \$5.50 - \$6. So, it is not like it is a major increase for the consumers as such. So, hopefully, we should not really be facing any issues on the demand side.

- Rishi Maheshwari:** Thanks so much, Shardul. All the best. I will get back in the queue.
- Shardul Doshi:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Vishal Shah from Sameeksha Capital. Please go ahead.
- Vishal Shah:** Yes. Thanks for providing the opportunity. Sir, what was the price increase taken? Like you have mentioned that we have kept the price same. So, not even a single price increase due to inflation. And the second question, how many bps improvements of gross margin is due to the currency? Like, we have mentioned that it will be the other income, but have we taken anything in the gross margin?
- Shardul Doshi:** So, typically, what happens, it gets initially when there is a foreign currency fluctuation happens, partly it gets into gross margin and partly it gets into other income. And after a quarter or so, everything gets into the sales and gross margin. That is how the accounting generally happens. Because if you know, when you are booking invoice to collection, whatever exchange rate is there, that gets into other income.
- But once you start booking invoices at a higher rate, then that income gets into the top line itself. So, that is about the exchange rate. And as far as price increase, I think though we have not taken any price increase, automatically with the foreign exchange or rupee depreciation, which has happened, we get the better realization on our sales.
- Vishal Shah:** Okay, will come in queue, sir for another question.
- Moderator:** Thank you. The next question comes from the line of Ravi Naredi from Naredi Investments Private Limited. Please go ahead.
- Ravi Naredi:** Sir, in quarter two, our top line rises by 11.5%, while bottom line rises 39%. So, how this is possible and any other income helps us?
- Shardul Doshi:** So, it is all combination of everything. As I said, there is a better sales mix in this quarter. Also, if you see our standalone proportion of the consol is higher. So, automatically, the margins will be better in a consol too, because standalone has a higher margin profile, better margin profile.
- And there is other income too, because of the exchange rate gains which we have. So, it is combination of everything. So, sales mix towards high-margin products, higher proportion of standalone, plus cost optimization, which happens, everything put together, we have received these better margins.



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- Ravi Naredi:** Any incentive you had received from government in quarter two?
- Shardul Doshi:** We, that is on a quarterly basis we do, right? I think there is no extra as such which we have done in this quarter.
- Ravi Naredi:** Okay. In this difficult time with USA, how you manage these things?
- Sumer Thakkar:** Are you referring to the tariff situation or?
- Ravi Naredi:** Yes, tariff.
- Sumer Thakkar:** So, tariff as of now, I mean, the situation is dynamic in nature and we are monitoring closely to see what competition is doing. But as of now, we have maintained our prices.
- Shardul Doshi:** Also, I think it is expected that government is working very hard to close the deal with US So, hopefully that should also be in place in a couple of weeks is the expectation.
- Ravi Naredi:** And when the deal completes, we will get any good response or good benefit from it?
- Shardul Doshi:** Not really. But our consumers will pay lesser price, because right now we have not, we have passed on everything. So, they do not have to then pay higher price. I think, we do not want to keep it anything.
- Ravi Naredi:** Okay. Thank you.
- Moderator:** Thank you. The next question comes from the line of Pallavi, an individual investor. Please go ahead.
- Pallavi:** Yes, sir. Thank you. This is Pallavi from Sameeksha Capital. Sir, I just wanted to understand, you mentioned about earlier this, some part of it is in the gross margin. So, for understanding any of the currency gains, how many bps of gross margin would, can you say half of the improvement is due to currency? And any change in your guidance for the year for on your margin side?
- And my second question would be, when do we get into more stores with Costco? Like any timeline we have there that trial period, when does that end? And when does the new valuation happen?
- Shardul Doshi:** Yes. So, I will say in terms of right now, around INR 4 crores of forex gain is sitting in other income and maybe couple of crores will be in top line itself, because that is a number which you cannot really identify as such. And what is the next question?

Shardul Doshi: And sorry, the margin for the year, I think the exchange rate, rupee has anyway depreciated against pound and USD. And these are the currencies in which we are operating. Our share of frozen is increasing month-on-month, which is a high margin product. Our Surat factory will be also up and running, which is also largely frozen. So, there is a lot of focus on frozen products.

There is investment which we have done on both brands and people. So, those also will start giving us better numbers in terms of top line. So, we have been maintaining that we will be in high teens in terms of our EBITDA margin. I think, our guidance now is that we will be upwards of that. We will have to see how much, but maybe 1% or 2% or at least is what we feel.

Sumer Thakkar: Also, on the Costco front, that is an ongoing process. So, currently, we are in about 75-odd stores. As retailers, for any new brand, they always do an in and out. And hopefully, by the start of next financial year, we know if these existing SKUs are permanent listings. And we will also know more the other divisions we are pitching to.

Pallavi: Lastly, would we have an idea of what is the total revenue they get from Indian ready-to-eat Costco what is there?

Sumer Thakkar: No, we do not have that exact number.

Pallavi: All right. Thank you. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Anand from Ksema Wealth Private Limited. Please go ahead.

Anand: Good evening, sir. So, my question is, regarding the UK-India FTAs, can you shed some light on that and the impacts of the industry itself and your company in specific, but catering mostly to industries of the impact of the UK-India FTAs?

Sumer Thakkar: So, I mean, similar to what Shardul just said, currently, I mean, before the, the FTA still has not been signed. I think it will only come into effect in the next three months to six months. And so currently, we pay, we pay duties in the range of 4% to 15%.

Once the FTA comes in, it will effectively go down to zero, which we will pass on 100% to the consumer. So, because the end retail prices will reduce, not substantially, but they will still reduce, we are hoping that will positively impact demand.

Anand: Okay. You are saying they have not been signed yet. So, the duties will be zero, benefit will pass on to the customer. So, how much do you think that, that this top line can increase because of this?



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- Shardul Doshi:** Very difficult to say at this point of time, but I think there is definitely benefit for the consumers of our products in UK. So, we will have to see how much it will translate into demand increase.
- Anand:** Okay, I will join back in queue. Thank you.
- Moderator:** Thank you. The next question comes from the line of Shalini Gupta from East India Securities. Please go ahead.
- Shalini Gupta:** Good evening, sir. I had two questions. One is that the raw material costs are substantially lower than what they have been in the past. So, if you could just discuss this, please.
- Shardul Doshi:** So, they are not really substantially different. If you see there is, but of course there is 2% drop in our COGS when you look at the standalone, which is your manufacturing business. And I guess you are referring to that. So, it is not that raw material prices have come down, but it is also the better sales mix, which we have that is really contributing to this drop.
- And as far as going forward, new season is just starting. So, let us hope that there is no food inflation, which we will witness in India. If that continues, then our gross margin profile should remain in this region only.
- Shalini Gupta:** And so my second question, actually, raw material prices have come down quite substantially. When I look at it as a percentage to sales, they are down to 35% versus 40% plus that used to be the case. So, anyways, you have answered this question. So, the second question is that the sales growth is flat QoQ. So, what is that? I mean, which product category was impacted and with what?
- Shardul Doshi:** You mean actually Y-on-Y, right? I think Q-on-Q there is a?
- Shalini Gupta:** Yes, YoY, right.
- Shardul Doshi:** So, Q2 of last financial year was one of the best quarters which we had. And in this quarter, I think we have to see that if you look at our manufacturing piece that has increased its share. And we have got the listing. So, hopefully, this will translate into better top line now in the quarters to come in.
- Shalini Gupta:** Okay. Those were my questions. Thank you.
- Moderator:** Thank you. The next question comes from the line of Raman from Sequent Investments. Please go ahead.



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Raman: Sir, I just have one question. There are mainly on the margins side. You initially in the opening commentary mentioned that the margins improved because of product mix and cost optimization. Can you give us specific details about how the margins increased, and the breakdown of how margins increased from 17% previous year to 22% this year?

Shardul Doshi: So, large part of that, this has come through gross margin because of the cost reduction. And these are reasons which we explained in the beginning of the call, so this is largely due to the sales mix change. If you see the manufacturing piece as a percentage to total consol revenues has increased, so that is your standalone piece. And automatically, then because gross margins of a standalone is higher, at a consol level also, it is better.

So, this is one reason. But within standalone also, our sales mix has changed towards frozen, more of frozen where the gross margin is higher. And the EBITDA is also higher for us. And also in terms of our investments, because of the cost optimization. So, I think in terms of marketing spend or the freight cost, some of these expenses have also come down. The employee cost also, if you see slightly, it comes down. So, this has all helped us to get us the 4% EBITDA, 4.8% EBITDA increase, which we have seen.

Raman: Okay, understood, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Vishal Shah from Sameeksha Capital. Please go ahead.

Vishal Shah: Yes, so what is the guidance on the segment wise margin going forward for the distribution business and processed food? So, revenue and margin both?

Shardul Doshi: As far as margin is concerned, distribution business, we have been maintaining around, say, 12% to 14% on an ongoing basis. We are better off in last few quarters. But I think steady state affair, we expect this to remain in the range of like 14% - 15%, at least for this year.

In terms of top line, there is definitely a better uptake, which we are seeing in later part of the year. So, in the month of September, as well as in the month of October, we have seen. So, hopefully, that number should be better.

We do not want to give a top line guidance at this point of time. But we are anyway still on target to reach to INR 1,000 crores by FY '27. That is a revenue guidance, which we can give you right now. But may not be immediately within next two quarters, how much we cannot tell you right now. And on processed food, we will maintain similar margin, which you have seen now.

Vishal Shah: Okay. Thank you.



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- Moderator:** Thank you. The next question comes from the line of Pallavi, an individual investor. Please go ahead.
- Pallavi:** Yes, I just wanted to understand what would be the revenue growth excluding Costco, so we can have a like-to-like comparison for the processed food?
- Sumer Thakkar:** So, Costco in this quarter would not have been significant in terms of revenue. I think Australia got shipped in the previous quarter, US would have got shipped this quarter. But I think all in all, because it was just the first POs, right? So, it was just the first set of orders. I think across both countries, the PO values would not have been more than \$500,000 - \$600,000.
- Pallavi:** Right. My second was that, you know, the slowdown that we are seeing at the other fast food chains in the US, Shake Shack or a Chipotle. Chipotle especially said about a demand slowdown due to a consumer, the inflation hitting from the tariffs. So, any thoughts around that as to how does that impact the ready-to-eat business industry as a whole, not to you specificity, but as an industry?
- Sumer Thakkar:** So, I mean, naturally when consumption at restaurants or QSRs slows down, packaged food consumption does go up, because people are eating more at home. And in terms of price point, I mean, overall in the US, consumers do have negative sentiments right now. So, going out is reduced, overall spending has come down.
- But all of these things are actually good for our business, because people do eat at home more. And because our price points are so attractive, between \$2 to \$6, those become more suitable options when you are looking at cost cutting.
- Pallavi:** And second would be, what would be the share of frozen food this year versus last year in our standalone?
- Shardul Doshi:** So, we do not give this data point out.
- Pallavi:** Okay. In terms of the outlook on the rest, again going back to that, volume growth, would it be possible to have some idea of sense of volume growth in this quarter?
- Shardul Doshi:** So, volume growth will be almost 70% of the total growth which you have seen, and the rest will be the price growth.
- Pallavi:** Right, thank you. And lastly, just on the freight part, what was that as a percentage of revenue? It has been tracking 6% to 7%?
- Shardul Doshi:** Yes, it will be in a similar range, around say 8% on a consol basis.



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- Pallavi:** Right. Thank you. I will come back in the queue.
- Moderator:** Thank you. The next question comes from the line of Prem Soni, an individual investor. Please go ahead.
- Prem Soni:** Yes, I have two questions. So, what has been the utilization for FY25? And what utilization are we currently running at? And what capacity are we expecting to be running at the full year in FY '26?
- Shardul Doshi:** So, as far as our existing capacity in both the plants is concerned, we will be in the range of like, depending on which product line, from 60% to 100%. I think, some of the lines will be around 60% used, but some of the lines will be 100% utilized. On an average, I think 70% to 80% is utilized and new capacity will also get added in this coming quarter now.
- Prem Soni:** So, once the Surat facility is in operation, which is dedicated to frozen products, under which brand is the product going to be sold?
- Shardul Doshi:** Ashoka and Truly Indian, largely.
- Prem Soni:** Like, which region it will be planned to cater?
- Sumer Thakkar:** In all our existing markets, North America, UK, Europe, Middle East, and Australia, New Zealand.
- Prem Soni:** Okay. And since the peak realization, like potential revenue for Surat facility will be INR 250 cr, so what can be expected in FY '27 itself?
- Shardul Doshi:** Surat will take some time to ramp up to that capacity, right? I think in terms of, like, of course, capacity will be available, but we will take at least three quarters, four quarters to reach the full capacity.
- Prem Soni:** On a full peak?
- Shardul Doshi:** Yes.
- Prem Soni:** Okay. And so, there is one more question on brand ADF Soul. Since over the period we are operating at export-focused RTE company, right? So, now we are shifting our focus towards India, since many players are already operating in India, like, many big players already there, like Tasty Bite , and one big player also just entered in the market.



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So, like, what is the big opportunity you are looking for? Like, if you are seeing any opportunity, please share with us.

Sumer Thakkar: So, I mean, India, as I am sure you know, is a huge market. Our strategy for India is more on the quick commerce and modern trade side. We do not want to get into general trade. Our product range is more for urban India. And in terms of goal, we are looking at building about INR 100 crore business in the next three years to four years in a gradual phase manner.

Prem Soni: Okay, sir. Thank you. I will rejoin the queue.

Moderator: Thank you. The next question comes from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Sir, what is our target for Financial Year '27 top line?

Shardul Doshi: INR 1,000 crores.

Ravi Naredi: INR 1,000 crores. Okay. Thank you.

Moderator: Thank you. I would like to remind participants, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

Sumer Thakkar: Thank you. Thanks, everyone.

Shardul Doshi: Thank you.

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.