FOODS LTD.
Feeding the world..

4th August, 2026

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**

Subject: Transcript of Q1 FY 2026-27 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 Q1 FY 2026-27 Earnings Conference Call held on Thursday, 30th July, 2026.

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 SWAPNIL OVALEKAR
Digitally signed by SHALAKA SWAPNIL OVALEKAR
Date: 2026.08.04 18:20:29 +05'30'

Shalaka Ovalekar
Company Secretary

Encl: as Above

"ADF Foods Limited
Q1 FY '27 Earnings Conference Call."
July 30, 2026

MANAGEMENT: **MR. BIMAL THAKKAR – PROMOTER, CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ADF FOODS LIMITED**
MR. SRINIVAS AYYAGARI – CHIEF FINANCIAL OFFICER – ADF FOODS LIMITED
MR. SUMER THAKKAR – PROMOTER, VICE PRESIDENT, SALES AND STRATEGY – ADF FOODS LIMITED

MODERATOR: **MR. SUMEDH DESAI – EY LLP**

Moderator: Ladies and gentlemen, good day and welcome to the ADF Foods Limited Q1 FY27 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 touchtone phone.

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

Sumedh: Thank you, Sumit, and good afternoon, everyone. We welcome you to the Q1 FY27 Earnings Conference Call of ADF Foods Limited. To take us through the results and to answer your questions, we have with us today the top management of ADF Foods represented by Mr. Bimal Thakkar, the Promoter, Chairman, Managing Director and CEO; Mr. Sumer Thakkar, the Promoter, Vice President - Sales and Strategy; and Mr. Srinivas Ayyagari, the Chief Financial Officer.

We will start the call with an overview of the business and recent updates by Mr. Bimal Thakkar and then Mr. Srinivas will give his comments on the financials. As usual, the standard Safe Harbor clause applies when we start the call. Over to you.

Bimal Thakkar: Thank you, Sumedh. Good afternoon, everyone, and thank you for joining us today. We have commenced FY27 on a strong note, delivering our fourth consecutive quarter of strong double-digit growth year-on-year. In Q1 of FY27, our consolidated revenue from operations increased by 25.9% year-on-year to INR167.3 crores.

On a stand-alone basis, revenue grew by 20.5% year-on-year to INR120.9 crores. This performance was driven by deeper shelf space penetration, continued category diversification, traction from product listings secured over the past few quarters and strong execution across our key international markets.

Importantly, we achieved this growth despite continued geopolitical uncertainties arising from the West Asia conflict, supply chain and trade route disruptions, vessel shortages and elevated fuel and increased ocean freight costs. Consumer demand for authentic, convenient and value-added ethnic Indian food products continues to remain healthy across our markets.

The increasing preference for ready-to-eat, ready-to-cook, shelf-stable and frozen categories continue to support our growth strategy. Our diversified product portfolio, wide geographic presence and established distribution capabilities are enabling us to address these opportunities across diaspora as well as mainstream consumer segments.

Coming to our brands. Ashoka continued to deliver strong quarter-on-quarter growth supported by robust demand from South Asian diaspora and deeper penetration across our core and emerging international markets. The brand has delivered a revenue CAGR of more than 20% over the last 5 years reflecting the brand strength, sustained marketing investments, continuing product innovation and expansion across channels and geographies. Going forward, our focus remains on expanding shelf space, introducing new products and strengthening engagement across retail and e-commerce channels.

Truly Indian has also sustained its growth momentum. The brand is now present across more than 3,000 stores in the United States through marquee mainstream clients. Our investment in product development, refreshed packaging, retail engagement, sampling and digital marketing are helping us strengthen brand visibility and encourage consumer trials.

Repeat orders received from several retail partners provide encouraging validation of consumer acceptance and we remain focused on building deeper penetration with existing accounts while pursuing additional listings.

Our domestic brand Soul continued to strengthen its presence in India. During the quarter, our focus remained on expanding the product portfolio, increasing reach across e-commerce, quick commerce and modern trade channels and undertaking targeted in-store and digital consumer engagement initiatives. With a refreshed team and a differentiated portfolio of better-for-you packaged food products, we are building this brand with a long-term perspective.

On manufacturing, our Surat greenfield facility, which commenced operations in Q4 of financial year '26, has now begun commercial deliveries and initial container shipments. The facility expands our frozen food manufacturing capabilities and provides additional capacity to support future demand. We will continue to scale operations at Surat in a calibrated manner over the coming years while maintaining our focus on quality, efficiency and execution.

We also received an important milestone during the quarter by receiving the highest AEO-T3 certification from the CBIC. This strengthens our export operations by enabling faster customs clearances, reduced inspections and improved export efficiency. For a business with significant international presence, this certification further strengthens our trade and compliance capabilities.

On profitability, consolidated EBITDA increased by 26% year-on-year to INR29.7 crores with the EBITDA margin at 17.7%. This performance was supported by an improved product mix, continued momentum in frozen foods, tariff refunds, cost optimization initiatives and operational efficiencies despite elevated freight costs and ongoing investments in our brand and organizational capabilities. The operating environment remains uncertain particularly amid evolving geopolitical developments, tariff-related uncertainties, vessel shortages and ongoing disruptions in global shipping networks.

This continues to impact freight costs and transit timelines. Despite ongoing external uncertainties, we remain cautiously optimistic as we continue to expand shelf space, scale manufacturing capacity, further strengthen our brands and introduce relevant products across markets.

With strong business momentum, we remain well positioned to deliver revenue upwards of INR900 crores in financial year 27 while maintaining healthy high-teen EBITDA margins. The resilience of our business reinforces our confidence in our brand, execution capability and diversified market presence strengthening our long-term growth objective.

I will now hand over to Srini, our CFO, who will take you through the financial performance in greater detail. Thank you. Over to you, Srini.

Srinivas Ayyagari: Thank you, Bimal, and good afternoon, everyone. I will begin with the consolidated financial performance for Q1 FY27. Consolidated revenue from operations for the quarter stood at INR167.3 crores representing strong growth of 25.9% year-on-year. This marks the fourth consecutive quarter of double-digit year-on-year revenue growth. Consolidated EBITDA increased 26% year-on-year to INR29.7 crores with an EBITDA margin of 17.7%.

The performance was supported by a favourable product mix, a higher contribution from frozen foods, cost optimization initiatives, operational efficiencies and tariff refunds while continuing to absorb elevated freight costs and ongoing investments. Consolidated profit after tax stood at INR17.3 crores, up 13.4% year-on-year with a PAT margin of 10.3%.

Moving to the stand-alone performance. Stand-alone revenue from operations increased 20.5% year-on-year to INR120.9 crores supported by a strong order book, continued brand traction and deeper market penetration. Stand-alone EBITDA increased 22.6% year-on-year to INR27.5 crores with the EBITDA margin improving 40 basis points to 22.8%.

The improvement was driven by a favourable product mix, strong momentum in our frozen brands, operational efficiencies and disciplined cost management despite elevated freight costs. Stand-alone profit after tax increased 7.6% year-on-year to INR18.3 crores with a PAT margin of 15.1%.

From a segment perspective, Processed foods revenue increased 28.5% year-on-year to INR144 crores with segment EBITDA at INR31.2 crores and a margin of 21.6%. Revenue from distribution segment stood at INR23.2 crores with a margin of 11.5%. During the quarter, our wholly owned subsidiary, U.S. subsidiary, received a tariff refund of USD2.08 million amounting to INR19.69 crores from the U.S. government. The refund has been accounted for consistently with the original accounting treatment with a portion of it in the P&L and the balance portion in the balance sheet for June quarter. We further continue to monitor developments relating to the U.S. import tariffs.

Looking ahead, our focus remains on disciplined cost management, productivity improvement and delivering operating leverage as our brands, distribution network and manufacturing capacities continue to scale. We will also continue to invest selectively in brand building, product innovation and priority markets.

While we remain watchful of geopolitical developments, vessel availability and freight costs; we are confident that our diversified geographic reach, strong order book and operational discipline position us well to deliver sustainable long-term growth.

With that, I will hand the call back to Sumedh to open the floor for questions.

Moderator: Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Hello, good afternoon, and thank you for the opportunity. I have just 2 questions. First is on the Surat side. As the Surat Phase 1 is operational what is the current capacity utilization level and when do you expect the facility to reach an optimal utilization level capable of delivering the target of INR 275 crores?

Bimal Thakkar: Sorry, you were not very clear. But whatever I could understand, I'll try and answer. One is, as you know, the trial production commenced end of March of the last fiscal year. We have made shipments of about 15-odd containers in the first quarter of this month. And for the plant to reach its full capacity, it's going to be anywhere between 2 to 3 years.

Rehan Saiyyed: And sir, my second question is around like you're present in U.S. market. So Truly Indian is now present in over 3,000 U.S. stores. So could you share any KPIs around same-store sales growth or either repeat percentage for this brand. Sales per store indicate the brand is even beyond distribution of product in this market?

Bimal Thakkar: So, I mean we are present in many chains so I can't really give too much detail about the data for each of the chains. But the encouraging thing is that they are adding on new products. We are getting repeat orders consistently, which is showing in the growth of the business. We are getting new listings because of the performance of our products in other stores. So, these are all encouraging signs and we are very optimistic on the growth of this brand and feel fairly confident that this product -- the brand will do very well in the mainstream.

Rehan Saiyyed: Okay. I understand. And sir, just one more last one question, if you can allow. Sir, this company continues to maintain EBITDA margin in the high teens despite freight disruption. So as logistic cost normalizes, utilization improves; what is sustainable EBITDA margin range we should have in our mind?

Bimal Thakkar: So, I think the high teens is a good indication and we will continue to be around that. And just now even with -- there are a lot of uncertainties, as you know, but we are still trying to make sure that we keep the high teens level. And in fact, from this quarter onwards, we have started passing on the freight increase to the customers as well. So that will also help in improving the EBITDA margins.

Rehan Saiyyed: Okay, thank you so much and good luck for upcoming quarter.

Bimal Thakkar: Thank you.

Moderator: Thank you. The next question is from the line of Saurabh from Sameeksha Capital.

Saurabh: Hello, Am I audible?

Bimal Thakkar: Yes, you are.

Saurabh: So, on the PAT sense, if we adjust the tariff refunds which we had so the EBITDA margins are 13.4% on a consol basis, if I'm not wrong. So, what was the magnitude of freight if I talk as a percentage of revenue that the EBITDA falls to the 13.4% levels. And if you can share a number regarding what could be the going forward sustainable number of the margins? That would be one.

And another one was so we have this remaining tariff been locked in the balance sheet right now. So what could be the going forward treatment policy? And the third one is in the PPT you guys have mentioned the FY27 revenue of INR900 crores. So, would it be near the INR1,000 crores range or below the INR950 crores range? So, guidance on that point.

Srinivas Ayyagari: So thanks, Saurabh, for your question. I'll take the first 2. On the freight part so if you look at our numbers, we had an impact due to freight because of the ongoing container issues as well as the elevated fuel costs. So on consolidated level, our number is roughly around 3%, which is getting impacted on because of freight.

In terms of tariff, as you would have seen in our accounting note, we had received a USD2.08 million of tariff refund. The balance is basically in our balance sheet, which will be further evaluated based on certain customer arrangements and commercial arrangements with the customers. So that will reflect in the few quarters going forward.

In terms of the revenue upwards of INR900 crores, that's our goal for FY27 and we remain cautiously optimistic with these geopolitical situations if they are coming -- if they are as per -- if they ease out rather, we will be able to achieve this INR900 crores upwards target.

Saurabh: On the margins part, you got muted for a while. Can you just repeat on the margins part? What was the freight impact and the sustainable number?

Srinivas Ayyagari: Yes. The freight impact was nearly 3%.

Saurabh: Okay.

Srinivas Ayyagari: Yes. But as Bimal has just rightly pointed out, we have now started to pass on the entire freight to our customers from this quarter. And we are evaluating with every passing day on the shipping -- with the shipping lines and getting better rates for our customers as well.

Saurabh: So, are we planning to pass on the entire freight or the part of it?

Bimal Thakkar: No. So it depends market to market, but our major markets like the U.S., we are passing on close to 75% of the freight increase on to the customers. In some markets strategically, we are not passing on any increase. But more or less, I would say upwards of 65% or 70% of our business we are passing on the freight increase.

Saurabh: Sir, just one last question. So currently for this quarter, adjusted margins were 13.4%. If I remove the freight impact, it was 16.4%. So going forward as this Surat plant ramps up and we get a kick of the operating leverage, can I expect 17% to 18% margin being achievable?

Bimal Thakkar: Yes, that is what the goal is. But as I mentioned, the Surat plant to get to full scale is going to be at least anywhere between 2 to 3 years. It's just started operations. And the product needs to get into the market, people need to try it and then we get repeat orders. So, there is a cycle which is there. The new products which we've launched have just got into the market a few weeks ago.

So we are now starting to -- and the acceptance has been fairly encouraging. So, we've started getting repeat orders. So it's a process, it takes time. So this year we'll probably see the plant at about 30-odd percent capacity utilization. And then as the second year and third year onwards, we'll see the ramp-up happening.

Saurabh: Okay thanks

Moderator: The next question is from the line of Ravi Naredi from Naredi Investment Private Limited.

Ravi Naredi: Thank you to give me opportunity. Sir, my short question, INR900 crores top line we anticipate for financial year '27. So what percentage of margin we attain this?

Bimal Thakkar: So Mr. Ravi, we are hoping to keep this high teens is what our goal is in terms of the EBITDA margins.

Ravi Naredi: Okay. And second, this INR19 crores refund, which we received from U.S. government, how much you incurred in quarter 1?

Srinivas Ayyagari: So I'll take this up, Mr. Ravi. So in quarter 1 we have basically booked USD0.77 million. It's about roughly INR7 crores, upwards of roughly INR7 crores.

Ravi Naredi: And in spite of INR7 crores income we added, our margin is INR17 crores only.

Srinivas Ayyagari: It's not -- so as I just stated to you that we had an effect of the freight cost, elevated freight costs, which ate away 3% of our margins.

Ravi Naredi: So including this INR7 crores, our bottom line is INR17 crores, right?

Srinivas Ayyagari: Correct, yes. EBITDA margin is 17.7%.

Ravi Naredi: Okay, thank you.

Moderator: Thank you. Reminder, anyone who wishes to ask a question, may press star and 1 on the touchtone telephone. Ladies and gentlemen, anyone who wishes to ask a question, may press star and 1 on the touchtone telephone.

The next question is from the line of Saizal Agarwal from Desvelado Research.

Saizal Agarwal Hi, and thanks for the question again. So, I wanted to ask about that your company is in AEO-T3 certification and you identified the benefits also about that. So could you elaborate on where we can expect the certification benefits to emerge like what time frame, we can expect for the benefits to become visible?

Srinivas Ayyagari: Yes. So, I'll take this. So, we received this AEO-T3, which is a milestone for all the exporters. So this is the best-in-class in terms of the customs giving us the certification. See, this helps us basically for faster customs processing, reduced examination requirements and expedited cargo shipments clearances.

So we received this in the month of May and over a period of time, our new shipments, which are going from the month of June, they will basically benefit it from reduced time in terms of clearances. And also, there will be lesser examinations, which will help in basically not getting stuck up at the ports.

So this basically helps us in inventory turns, faster inventory turns and cash conversion. But to put a number as of now is very premature. But this is a very good step which the company has got in terms of a certification for smoother international trade.

Saizal Agarwal Okay. And about the truly Indian brand. So you mentioned like over the last quarter, the brand expanded from around 2,000 stores to nearly 3,000. So like could you share whether the growth is now increasing driven by the repeat customer purchases and stronger uptake or is it some incremental store additions?

Bimal Thakkar: No. So the growth, it's a combination of both. There has been growth within the same stores which were there and also because of the new brand -- I mean new introductions as well, new store additions. So it's a combination of both. And in terms of percentage, it will probably be 60% old store growth and 40% towards the new listings.

Saizal Agarwal Okay. Just the last question is about the Surat facility. We have built assumptions of around INR40 crores to INR60 crores of revenue contribution from FY 27 like are they broadly intact right now.

Srinivas Ayyagari: Can you repeat your question because you were not audible, correct?

Saizal Agarwal Am I audible now?

Bimal Thakkar: Yes.

Saizal Agarwal: Like about the Surat facility, the commercial deliveries have now commenced. So the assumptions which are on the financial year '27 revenue contribution of around INR40 crores to INR50 crores. So are they broadly intact right now?

Bimal Thakkar: Yes, we should be able to get to that number by the end of this fiscal year.

Saizal Agarwal: Okay. Thank you so much.

Bimal Thakkar: Thank you.

Moderator: Thank you. The next question is from the line of Ankur Gulati from Genuity Capital. Please go ahead.

Ankur Gulati: Thanks. Am I audible?

Moderator: Yes.

Ankur Gulati: Perfect. A quick question. The margin guidance that you guys are giving, that includes the tariff refund or that's excluding tariff refund?

Bimal Thakkar: No, the high teens is going to be without the tariff refund. But we've been impacted in the first quarter because of freight increase. So that's why after adjustment, it's at about a little under 14%. But now that we started passing on the freight increase from this quarter -- from this month onwards, we will start seeing that improvement coming in on the EBITDA as well.

Ankur Gulati: So let's say in 9 months, you're saying broadly 16%, 17%, whatever the trajectory was earlier?

Bimal Thakkar: Correct. Correct.

Ankur Gulati: Perfect. Any labour shortages that you guys are facing because when we did some checks with some of the private peers, there was a bit of a labour shortage due to West Bengal elections and so on and so forth. So any challenges on that side?

Bimal Thakkar: Nothing significant. So you have some shortages if there is -- typically maybe during this election time or wedding season, there is some amount of shortage, but it's a seasonal thing which happens. But otherwise, no, there's no real major problem.

Ankur Gulati: And any color on -- there were some discussions happening with some of bigger clients for large white labelling engagements. Any progress on that side?

Bimal Thakkar: Well, we continue to expand our -- see, as a company, our focus is our own brands, right? And the sales split is about 75% is our own brands, 25% is B2B and private label business. We continue to grow the private label or B2B business and -- but the focus always will continue to remain on our own brands. So yes, we are in discussions with new clients. There are some new accounts which we've got. So that's an ongoing process.

Ankur Gulati: Fair enough. One question on depreciation, the INR66 crores. This is now the steady state with the new plant coming in or is there more upside to it?

Bimal Thakkar: So this is based on Phase 1 of our Surat facility. Phase 2 is expected to happen quarter 3. So there will be some more depreciation, which will come in in Q3 or Q4.

Srinivas Ayyagari: But Ankur, just to add to what Bimal said, it will be mostly for the lines because the major part of the depreciation in terms of the building and all has been done.

Ankur Gulati: Civil is done. Okay. Fair enough. One thing, I think sometime next year your PLI benefits are dropping, which will be roughly INR16 crores. So any plans to recoup, let's say, 1.5% margin dip which may play out? What do you think?

Bimal Thakkar: While we will continue to invest in our brands, as the years go by and the amount of investment also reduces as the brands start getting more well known. So we hope to strike a proper balance. Certain brands, which are growth brands like Truly Indian will continue to require investment. Soul will require investment. Ashoka of course will require investment, but as a percentage to sales, that will reduce. So we'll try and balance it out that way.

And we are hopeful that the government continues the PLI scheme. We were -- there was a meeting which happened recently where they are thinking of extending it especially for Category

3, which is where we got our PLI. So, we hope that this continues from the government side as well. Thank you.

Moderator: Thank you. The next question is from the line of Bharat from Quest Investment Managers Private Limited.

Bharat Sheth: Hi, good afternoon, Congratulations for doing a performance in very challenging time. So I have one question, particularly say Truly Indian as well as we have launched a Soul again, relaunch in domestic market and for which we continue to keep on soft expenses.

So how much -- when do we expect that that will really start and coming to and kind of opportunity that we have that we can -- or otherwise our top line growth or with gross margin taking care of all those investments so our EBITDA trajectory moves positively.

Bimal Thakkar: So Mr. Bharat, building a brand takes time and it does require investment, right? Truly Indian, as you see as a brand, has already started showing good growth momentum. We are seeing more listings happening. But it's still at that growth stage so it will still need that support. And as a company, we want to -- I mean the Ashoka brand continues to remain our flagship brand. But we want to target the mainstream market where there's going to be a lot more growth going forward. So we have to make that investment right now to reap the benefits later on.

So that investment on Truly Indian brand over the last 2 years, if you see, I mean we are already seeing signs of growth happening, well acceptance, more listings coming up. On the Soul brand, yes, it's been a little slow. It's not happened the way Truly Indian has grown. But we are doing -- we've made certain changes in our strategy and hope that this brand will also this year start showing the same kind of positive results like how Truly Indian has shown.

Bharat Sheth: Correct. So Bimal bhai, what I understand that for Truly Indian, our TAM is much larger than Ashoka that we have. So what's your aspiration from 3 to 5 years perspective, say, like Ashoka was around INR300 crores. So where do you think Ashoka can be in the next 5 years as well as Truly Indian, your aspiration not I mean any binding thing, but the kind of opportunity you are seeing?

Bimal Thakkar: So rather than putting numbers to it, I'll just give you what the opportunity is. The Ashoka brand caters to the Indian diaspora or the South Asian diaspora worldwide, right? So you take America, Truly Indian is in America right now and in Germany, right? Now the population of the United States is about 300 million people.

Ashoka is only servicing the 5 million or 6 million South Asians, which are there in the U.S. So if you see the opportunity on the Truly Indian side, I mean there is upwards of hundreds of million people especially who like to try out the different kinds of international cuisines. So that's where the opportunity is.

So, we feel I mean Truly Indian over the long term can be a much bigger brand than Ashoka going. So, it's just we need to make sure we are introducing the right products, doing -- making the investments and all the things which is required. Having said that, Ashoka also has a lot of opportunity to grow and we'll continue to do that.

So, both the brands have a very strong -- and Ashoka has been growing upwards of 25% over the last 5 years. This last quarter, it's grown upwards of 30%. So we feel fairly confident. I mean Truly Indian has grown. It's at a low base, but it has grown like 3x, 4x already. So there is -- we just have to be patient. These are -- building a brand takes time and investment, but we are going on the right path.

Bharat Sheth: Bimal bhai, taking that question, see, we have also presence in Germany and now as well as in U.K. So how do we think expanding within total European market or kind of I mean our aspiration for the same?

Bimal Thakkar: So you must have read that we are setting up a step-down subsidiary in Ireland, which is to basically address the European market and in the -- so we want to put in more investments in -- I mean put in more focus and investment in U.K. and Europe because we see huge growth opportunities there as well. So we will be -- and you will see over the next few quarters and going forward that region also growing at a high double digit for us.

Bharat Sheth: Okay. And last question, Bimal bhai, that what kind of impact we saw because of West Asia, which was roughly around 15% kind of total size of the business? So is the break on -- still, I mean we are struggling to reach to that 15% of the total size.

Bimal Thakkar: So, Bharat bhai, the good news is -- I mean March was a really bad month where we couldn't make any shipments. In this quarter, we started off shipments from end April onwards and we have caught up quite a bit and are more or less coming back to that same kind of levels of 15%. The freight rates are high, but we've been passing on. Like I mentioned, from this month onwards we'll be passing on the freight increase as well to the customers.

Bharat Sheth: Thanks, Bimal bhai and all the best.

Bimal Thakkar: Thank you.

Moderator: Thank you. The next question is from the line of Dhananjai from Alchemy.

Dhananjai: A question, maybe I missed this. When these tariffs were rolled on to us, were our customers sharing the tariffs with us -- I mean the increase in tariffs with us or were they absorbing most of it just for an understanding perspective?

Srinivas Ayyagari: Yes. So, from a tariff perspective, most of our customers especially in the mainstream business, we had actually absorbed those tariffs. So, it's basically that's why you see that we have accounted all those things. The rest of the tariffs were actually shared throughout the chain basically. So here, that is what is the situation for the tariffs, which happened during September to March.

Dhananjai: Okay. But sir, if that was the case, there would have been a bigger hit on the margin, right? Because we've done quite well actually in terms of keeping margins at such a strong rate even with the tariff increase. Because year-on-year our margins are actually stronger than it was. So I'm just trying to understand that part.

Srinivas Ayyagari: So basically, we have lot of structured programs in our manufacturing and supply chain operations. This actually gives us a lot of capability and automation and digitalization projects which we have done basically help us in getting those efficiencies into the system and which basically pass on to the gross margin.

We also have a very strong procurement program, which actually works very well and buys raw materials and packing materials when the rates are quite low and we hedge all those basically prices. So that's how you see the efficiencies which are impacting positively in the gross margin even though there were tariff challenges.

Dhananjai: Understood, sir. And sir, now going ahead now with the rollback in tariff, would we look to keep prices at what level? Would you want to roll back prices or roll back margins or keep it both and then we should expect a significant increase in margins going ahead?

Bimal Thakkar: So, Dhananjai, depending on the product category, we are strategic about where we want to pass back the benefits to the trader or to the consumer and certain products, we will continue to keep it that way. Because we've also been impacted by the freight increase, other input costs. So, we are trying to balance it out and be strategic about certain products where we will -- where we want to increase more market share, where we want to grow faster, those products we would probably pass on some of the tariff benefits.

Dhananjai: Okay, surely. Superb, sir. You've done a very good job in this tough environment. Thank you so much.

Bimal Thakkar: Thank you.

Moderator: Thank you. The next question is from the line of Saurabh from Sameeksha Capital.

Saurabh: Thank you. I would like to recheck on the margin part. So processed food margins INR31-odd crores in this quarter and Y-o-Y was INR24 crores. Like assuming the tariff impact affects processed foods more so we have revenue growth there, but EBITDA was almost flat. Even if we remove the pre-impact, margins it’s declined – so what -- is this a structural decline or what was the reason behind it?

Srinivas Ayyagari: No. So when you look at the processed foods, it's as per what was there last year. You have to also include basically the -- so basically there is the capability building, which has come in, but that is not impacting anything in terms of the margins. The major impact, as I had said earlier, was on the freight part, which has eaten away our margins for Q1.

What we will see going forward is the operating leverage to kick in especially on the processed foods segment, which will have our margins come back towards the high teens level from an EBITDA perspective, which Bimal was describing in his call previously.

Bimal Thakkar: And just to add to this, Saurabh, because of the container shortages, the supply chain disruption, I mean our Q1 could have ended up with a much higher top line. We had a lot of goods ready with us, but we were unable to ship them because of non-availability of ships and containers. Our order book has been the strongest it has been in the company's history for June, July, even

August is a very strong order book. So, we've been producing the goods and the problem has been of shipping out.

So even in the month of June, we could not ship out 30% of our goods which were ready due to non-availability of the ships and containers. I mean we are doing our best to get and because we are one of the largest exporters in this category, we have some clout with the shipping companies, but they also have their limitations in terms of a lot of vessels are skipping the Indian ports. So that's where the whole shortage is happening for them as well.

Saurabh: True. And on the distribution side like what is presented in the PPT that we are at 11.5% EBITDA margin and Y-o-Y basis, it was 17.4%. So, I might have missed out something. Is there some reason due to which it is down so much?

Srinivas Ayyagari: No. So Saurabh, you have to look at the overall margins on an annual basis. Quarterly there are certain impacts which come in because of the seasonal cost. So you will have to really take the full year margins. So, as we have said, our margins will be fairly in line with what we have been delivering high teens EBITDA. And even between the segments like process and distribution, it will remain in those ranges of what has been historically.

Saurabh: Okay. And last on the tariff part, the 10% rate expired on 24th of July. So what is the rate getting applied right now and what could be a possible scenario going forward?

Bimal Thakkar: So, I think it's still continuing at 10% only at the moment. How it goes future is anyone's guess, Saurabh. We really don't know and we hope it doesn't fluctuate too much and it remains at these same levels.

Saurabh: We pass on the entire tariff right now, right, to the consumers.

Bimal Thakkar: We did last time. And as I said earlier, we are now passing back the benefits in certain product categories from a strategic point. So yes, some categories, we are keeping that price increase with us as well.

Saurabh: Perfect. Thank you so much.

Moderator: Thank you. The next question is from the line of Raghu, an individual investor.

Raghu: Am I audible?

Bimal Thakkar: Yes.

Raghu: Sir, I have 3 questions. Firstly, sir, we have been clocking around INR190 crores of revenue and suddenly there is a dip. So, is it seasonality or are we expecting some bump up in next few quarters to achieve our target? Secondly sir, may I ask all the questions or should I wait?

Bimal Thakkar: No, no, no. Please ask all your questions.

Raghu: Secondly, sir, our bottom line has been impacted this quarter. So taking into account present conditions and we have also passed on certain rates so how do you see the impact now given that we are also getting -- going to get some benefit from those tariff refunds? So, will now the impact be balanced or we'll still be impacted by it? And thirdly, sir, these new FTAs that we are having with New Zealand, Australia, EU, Britain; so any strategies to utilize them for our benefit? These are my questions.

Bimal Thakkar: Okay. I'll take the first question. Srini will take the second one. And third one also I could take. So the first question, Mr. Raghu, is Q1 for us as a company historically if you see has been the weakest quarter for us. And this year I mean compared to last year first quarter, we've actually grown much better than the last year first quarter despite all the problems we've had on getting containers, getting shipments, all of that.

As I mentioned, we could have done much better in the month of June in terms of top line. Our order book has been very strong. But because of the problems on containers, we were not able to make more shipments. But yet, we are upwards of 20% when you compare it to last year first quarter. Srini, do you want to take the other?

Srinivas Ayyagari: On the margins, as I said, you have to look at it from a whole year perspective. Certain investments which happen during the quarters for our brand building plus the elevated cost of freight, which have happened in the first quarter, basically have muted our margins for this quarter.

But when you look at for a full year period, you will see our margins at the high teens. So our approach is simple. We work on building our brand, putting our investments where our markets are growing and get that operating leverage to flow it into the EBITDA levels.

Bimal Thakkar: And as far as the FTAs go, yes, these are going to benefit us and especially U.K. and when the Europe FTA comes into -- when it's finalized. I mean, as I mentioned, we are looking at investing more in these markets to grow our business there. So yes, this will definitely be a positive -- it will have a positive impact for our company.

Srinivas Ayyagari: Yes. And to add to Bimal's point on the FTAs especially in the EU, as he just reiterated that we are planning to -- we are opening up a subsidiary in Ireland basically to get those operational efficiencies and be very closer to the market. Now we have teams there in U.K. and Europe who can really help us basically in getting new stores, new distributors and new channels.

Raghu: Okay, sir. Sir, just one follow-up. Since we could not ship some of our consignments so are we expecting some bump up in Q2 and subsequent quarters?

Bimal Thakkar: So Raghu, of course there will be a carry forward, which will come in Q2. But the availability of containers and the supply chain issue still continues to be a challenge. So what could happen is Q2 could get again further carried forward to Q3. So it all depends on how soon this crisis gets over and we're able to make all our shipments.

As I mentioned, the order book has been the strongest it's ever been for the company. But now the challenge is of getting it shipped out, which we are doing our best. I mean our entire team is working around the clock to make sure that we get our containers, we are able to make the shipments out. And because we are a large shipper, we are able to get some leverage and put some pressure on the shipping companies, but it's still challenging times.

Raghu: Okay, sir. So the INR900-plus crores top line is still achievable or if these disruptions continue, then we might have to again...

Bimal Thakkar: So yes, Raghu, we are working to make sure that we achieve that. But there are certain things which are beyond our control. But we feel -- like I mentioned, we are cautiously optimistic and feel confident. From an order book point of view and from a market demand point of view, we'll definitely be able to achieve it. It's just the supply chain which could create a problem for us if it continues like this.

Raghu: Thank you so much, and best wishes.

Moderator: Thank you. The next question is from the line of Bharat from Quest Investment Managers Private Limited.

Bharat: Thanks for the opportunity for second time. Bimal, I have a question if you can give some color competitive landscape for Truly Indian, whether it is from the existing Indian player also there are some other players are there. And of course, in this year we can see this quarter, there is a bump up in consolidated staff cost. So how much people are we adding and where do we expect further addition of the people?

Bimal Thakkar: So, the competition on the Truly Indian brand is not really from any of the Indian players at the moment. It's mainly local companies from America who are producing the Indian type of foods, okay? So, we are competing with them mainly. And we have added on more people in the team. And I think at the moment, we are now fully staffed as far as the Truly Indian team goes. So, we won't be seeing any more additions on the team size out there in the U.S.

Bharat: Great. Second, I mean, question for our CFO. So Mr. Srinivas, you said that there is a 3% additional cost on logistics. So that is on consolidated number or stand-alone number?

Srinivas Ayyagari: It's on the overall margin. Overall sales.

Bharat: Next question is the increase in depreciation because of capitalization in Surat. So do we assume that this will be maintained or still it may increase further?

Srinivas Ayyagari: So as I said, Surat, the plant started in the month of March. The majority of the plant was done in terms of building and some few machineries as well as the ETPs as well as the utility facilities, which got capitalized in the month of March. There will be a few lines which will be coming in, as Mr. Bimal said, the Phase 2 will be there. So that will be an add-on. But those will be only for the plant and machinery.

Bharat: And which is roughly around INR25 crores, correct?

Srinivas Ayyagari: Yes, INR25 crores to INR30 crores. That's the range which we have given basically.

Bharat: Okay, thank you and all the best.

Srinivas Ayyagari: Thank you.

Moderator: Thank you. The next question is from the line of Ravi Naredi from Naredi Investment Private Limited.

Ravi Naredi: Sir, my one point again. Any more such more U.S. customs department refund we may get in coming 9 months?

Bimal Thakkar: No, Mr. Ravi. At the moment, nothing. Whatever was there, we got. And as you are aware, we did win one case in the U.S. where we've been awarded close to USD2.8 million. So now the only thing that we -- I mean we are now trying to get that money from the person who we won the case from. So that would be any -- no more tariff refunds, but this is another thing which could come into our books this year.

Ravi Naredi: USD2.8 million we receive in next 9 months?

Bimal Thakkar: Well, we are trying to. We are now in discussions, our lawyers are in discussions with the party because to see how we can recover this from them.

Ravi Naredi: And one more. PLI benefit from Government of India, anything we have to receive in next 9 months?

Srinivas Ayyagari: Yes. So we have -- this is the last year of our PLI where we are basically enrolled for the Cat 3 brand marketing and promotion expenses, which gets reimbursed. So we are accruing the same amount of last year basically in terms of our PLI benefits for this year.

Ravi Naredi: And what is that amount?

Srinivas Ayyagari: It's about INR16 crores for the full year.

Ravi Naredi: Okay. Okay. Thanks.

Moderator: Thank you. The next question is from the line of Saurabh from Sameeksha Capital.

Saurabh: Just one last question. I would like to touch upon the PLI part. So, can you just quote me what percentage of EBITDA was supported by the PLI in FY26? And since this is the last year; post that, we would have an impact on that as well, right? We won't be accruing further PLI benefit. So can you just throw a light upon that?

Srinivas Ayyagari: Yes. So our PLI for the last year was INR16 crores and this was on a revenue of INR683 crores, okay? So the percentage roughly would be -- so it's roughly around 2% in terms of our margin. But as Bimal said in his speech that see, you have to look at PLI. PLI is a brand building activity and we have been building the brand for the last 3, 4 years.

As a percentage to sales, this number will come down because as the brand becomes big, basically it spends only on the absolute amount and not as a percentage to sales. We'll keep on investing in our Truly Indian brand. But from an Ashoka perspective, that number will start to come down as a percentage to sales, which will help us basically maintaining our EBITDA margins.

Bimal Thakkar: And we are hopeful that the government will still continue with this PLI, especially for Category 3, which is for brand building.

Saurabh: I think my question got wrongly communicated. What I meant was so in the previous years we had the benefit of PLI in terms of our EBITDA margins. So in the coming years when the government is not giving the PLI benefit so that incremental margin would be depleted, right? So even our margins would get below the current levels. So that is what I wanted to know that what percentage of EBITDA margins can be depleted. So that was my question.

Srinivas Ayyagari: I think we answered the same. Maybe you didn't understand that, but I'll again reiterate. See, when you invest in brands, you invest it as a percentage when you are at the start of building a brand. As the brand gets stronger, this number will be absolute. So it will be balanced out in the next year so that it doesn't impact our brand building exercise also and doesn't even deplete our EBITDA margins.

Bimal Thakkar: So, the Ashoka brand for example, the investment going forward as a percentage to sales will keep coming down.

Saurabh: Perfect. That makes sense.

Bimal Thakkar: Okay.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky.

Pritesh Chheda: Sir, can you comment on the depreciation figure post this expansion?

Srinivas Ayyagari: No, I didn't get your question.

Pritesh Chheda: What will be the depreciation figure post the capitalization of the ongoing expansion?

Srinivas Ayyagari: See, currently you see the depreciation figure for quarter 1, which includes all our Surat plus brownfield activities, which have got capitalized in the month of March and some in the month of -- in the first quarter of this year basically. What you now will see is roughly around INR20 crores to INR25 crores of capex, which will be a residue capex of whatever the new machinery comes up in Surat and some small routine capex, which will happen throughout the year. So that will be the incremental depreciation, which will hit your books at the end of this year once all the projects go live.

Pritesh Chheda: And the total capacity now on ground and the post expansion which you have lined up, what kind of revenue can it support, manufacturing revenue not the -- obviously, not the agency. Ex of agency, what it can support?

Bimal Thakkar: So the Surat factory, as we've mentioned, at full capacity it will be a little under INR300 crores in terms of top line.

Pritesh Chheda: So let's say, last year you had INR680 crores in which INR100 crores was agency. So, you have INR580 crores ex of agency. To that INR580 crores, post expansion how much can you scale this INR580 crores to?

Srinivas Ayyagari: So from an expansion perspective once, as we said, Surat gets ramped up with all the phases, we will have upwards of INR1,250 crores of revenue basically catering with all these investments. And we won't need much of an investment just the routine investments, which will take care of our new product innovations or line changes.

Bimal Thakkar: So with the greenfield and the brownfield, all that put together at full capacity, we could be about -- we can go up to INR1,250 crores.

Pritesh Chheda: Ex of agency, right?

Bimal Thakkar: Yes. Yes, yes.

Pritesh Chheda: Ex of agency. Okay. Just one clarification. So now some total on PLI incentives, let's say, not being there, the elevated freight cost that you are seeing; currency depreciation, which is a favorable number and the new capacity, which has come up, which is a better automated capacity. So what kind of margins -- you had a peak of about 20% margin, then some years, you had about 17% also. So, sum total, what kind of margin reflection one should look at?

Bimal Thakkar: So I think our guidance has been high teens and we continue to be at that. That's how we would look at it because we are still going to be investing in some of our growth brands, right, like Truly Indian, Soul. Those investments will continue. So I would say in the high teens, we stand by that guidance.

Pritesh Chheda: Okay. And my last question is you will fully utilize your capacity in FY29 or in FY30?

Bimal Thakkar: I think '30 would be a realistic year where we'll see full utilization.

Pritesh Chheda: Okay, sir. Okay. Thank you very much.

Bimal Thakkar: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments.

Bimal Thakkar: Thank you, everyone, for your participation and look forward to catching up with you all in the next quarter. All the best. Thanks.

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

(The above transcript has been edited for readability purposes)