



November 10, 2020

**DCS-CRD**  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

**DCS-CRD**  
**National Stock Exchange of India Ltd.**  
Exchange Plaza  
Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051

**Scrip Code: 519183**

**Symbol: ADFFOODS**

**Sub: Investor Presentation**

Enclose please find Corporate Presentation of the Company for the Second Quarter and Half Year ended September 30, 2020.

The aforementioned Presentation has been uploaded on the Company's website viz., [www.adf-foods.com](http://www.adf-foods.com)

You are requested to take the above on your records.

Yours faithfully,

For **ADF Foods Limited**

**Shalaka Ovalekar**  
**Company Secretary**

**Encl:** As above



**Regd Off:** 83/86, G.I.D.C Industrial Estate, Nadiad - 387 001, India. Tel.: +91 268 2551381/82 Fax: +91 268 2565068  
Email: [nadiadfactory@adf-foods.com](mailto:nadiadfactory@adf-foods.com) CIN: L15400GJ1990PLC014265

**Corp. Off:** Marathon Innova, B2, G01, Ground Floor, G. K. Road, Lower Parel, Mumbai 400 013. INDIA.  
Tel.: +91 22 6141 5555, Fax: +91 22 6141 5577, Email: [info@adf-foods.com](mailto:info@adf-foods.com), Web: [www.adf-foods.com](http://www.adf-foods.com)



# Investor Presentation

## Q2 & H1FY21



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# Agenda

A collage of various spices and herbs. At the top, a wooden spoon holds saffron threads. To its right is a sliced red chili pepper showing its seeds. Below these are a whole nutmeg, a bunch of blue lavender flowers, and a wooden bowl filled with red chili powder. The background is a dark, textured surface with scattered seeds and spices.

- 01 Q2 & H1FY21 Highlights
- 02 About the Company
- 03 Industry Drivers & Growth Strategy
- 04 Historical Financial Overview

# Q2 & H1FY21 Highlights

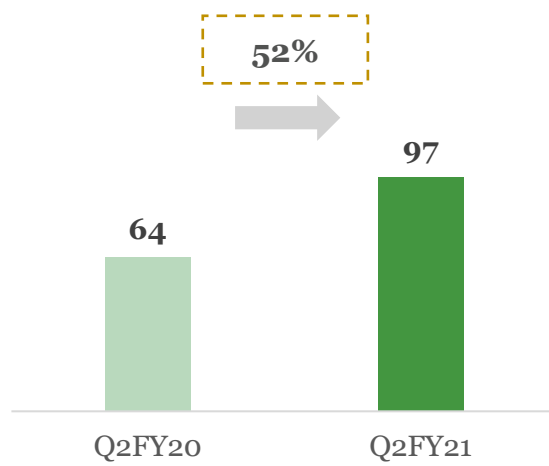
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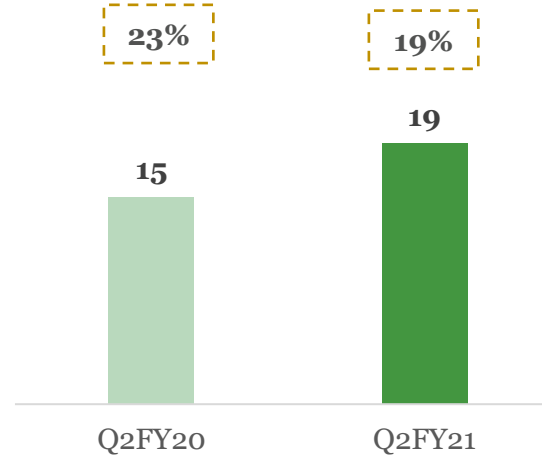
# Q2 & H1FY21 result highlights

## Quarter performance

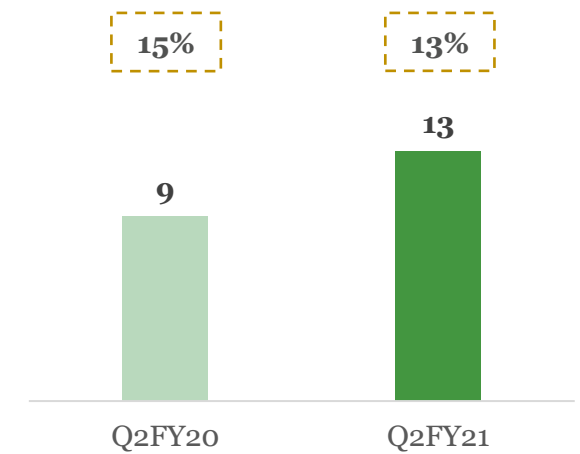
### Total Income



### EBITDA & EBITDA Margin

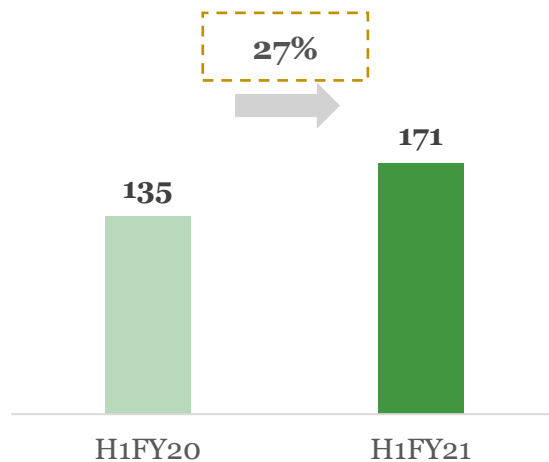


### PAT & PAT Margin

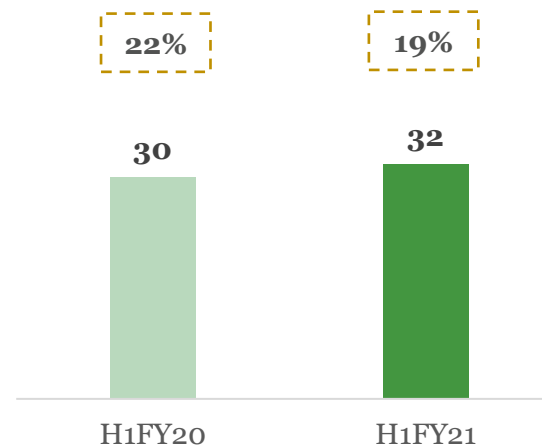


## Half-year performance

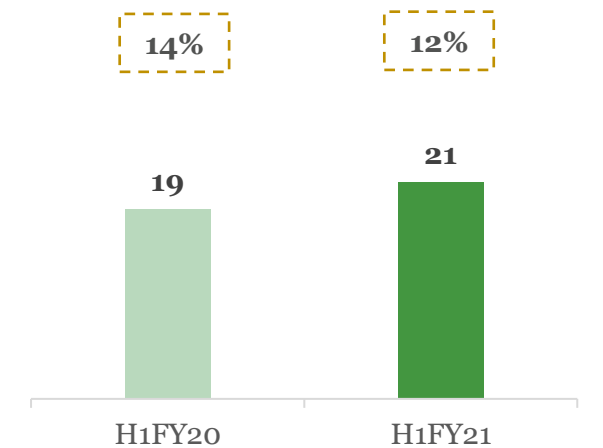
### Total Income



### EBITDA & EBITDA Margin



### PAT & PAT Margin



# Consolidated profit & loss statement

(Rs Cr)	Q2FY21	Q2FY20	YoY	H1FY21	H1FY20	YoY
Revenue from operations	94.3	60.2	57%	168.2	129.1	30%
Other income	2.5	3.5		3.1	5.5	
<b>Total Income</b>	<b>96.8</b>	<b>63.7</b>	<b>52%</b>	<b>171.3</b>	<b>134.6</b>	<b>27%</b>
Cost of material consumed	27.4	16.1		49.5	38.6	
Purchase of stock-in-trade	23.6	12.2		46.4	33.0	
Changes in inventories	4.9	2.0		5.0	-5.2	
Employee expenses	3.5	3.9		7.4	9.5	
Other expenses	18.8	14.7		31.3	28.7	
Total Operating expenses	78.2	48.9		139.6	104.6	
<b>EBITDA</b>	<b>18.6</b>	<b>14.8</b>	<b>26%</b>	<b>31.7</b>	<b>30.0</b>	<b>6%</b>
<b>EBITDA margin</b>	<b>19.2%</b>	<b>23.2%</b>		<b>18.5%</b>	<b>22.3%</b>	
Finance cost	0.2	0.3		0.6	0.5	
Depreciation	1.5	1.3		2.9	2.7	
<b>PBT</b>	<b>16.9</b>	<b>13.1</b>	<b>29%</b>	<b>28.2</b>	<b>26.8</b>	<b>5%</b>
<b>PBT margin</b>	<b>17.4%</b>	<b>20.6%</b>		<b>16.5%</b>	<b>19.9%</b>	
Exceptional items	0.0	0.2		0.0	-0.4	
Tax Expenses (Credits)	4.3	4.0		7.0	7.9	
<b>PAT</b>	<b>12.6</b>	<b>9.3</b>	<b>35%</b>	<b>21.2</b>	<b>18.5</b>	<b>15%</b>
<b>PAT margin</b>	<b>13.0%</b>	<b>14.6%</b>		<b>12.4%</b>	<b>13.7%</b>	

Post the quarter, the Company has allotted 19.5L warrants to promoters, Board members and company officials at Rs 362 per warrant, aggregating to Rs 70.6 crores

# Consolidated balance sheet

(Rs Cr)	Sept'20	Mar'20
Share Capital	20.4	20.4
Reserves	206.8	184.0
<b>Shareholders' Funds</b>	<b>227.2</b>	<b>204.4</b>
Other liabilities	0.7	1.6
Deferred tax liability	7.6	7.1
<b>Total Non-Current Liabilities</b>	<b>8.3</b>	<b>8.7</b>
Trade Payables	20.5	21.2
Other Current Liabilities	11.1	11.0
Current Tax Liabilities	0.3	0.3
Other Financial Liabilities	2.1	3.1
Short Term Borrowings	13.0	23.2
<b>Total Current Liabilities</b>	<b>47.0</b>	<b>58.8</b>
<b>Total Liabilities</b>	<b>282.5</b>	<b>271.9</b>

(Rs Cr)	Sept'20	Mar'20
Fixed Assets incl. CWIP	57.2	58.2
Intangible Assets	21.3	21.4
Income Tax Asset (Net)	4.7	4.6
Other Non Current Assets	6.5	10.2
<b>Total Non-Current Assets</b>	<b>89.7</b>	<b>94.4</b>
Inventories	51.2	54.7
Sundry Debtors	55.8	53.1
Cash and Bank	60.1	36.7
Investments	13.9	18.0
Other Financial Assets	5.1	7.3
Other Current Assets	6.7	7.7
<b>Total Current Assets</b>	<b>192.8</b>	<b>177.5</b>
<b>Total Assets</b>	<b>282.5</b>	<b>271.9</b>



## Capacity expansion by taking new unit on lease

- The Company has taken a manufacturing unit in Gujarat on lease
- The facility, with a production capacity of 1,950 MTPA, will enable to increase the capacity for ready-to-eat and frozen food products to cater to the growing demand in the export markets
- The expansion would entail a capex of Rs 2 crore and is expected to be operational in the next 4 months
- This leasing option saves time and building construction costs, allowing the Company to move forward with its expansion plans more effectively and timely

# About the Company

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*“ At ADF we believe in maintaining high quality standards, introducing new and innovative products while remaining customer centric ”*



# Company highlights

## Operational strengths

**7**  
Brands

**55+**  
Countries

**180+**  
Distributors

**2**  
State-of-the-art Facilities

**400+**  
SKU

**26,000**  
MTPA Capacity

## Financial strengths

**Zero**  
Long Term Debt

**21%**  
EBITDA Margin

**14%**  
PAT Margin

**23%**  
Return on Equity

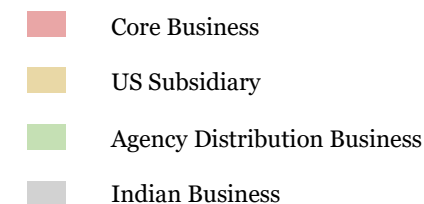
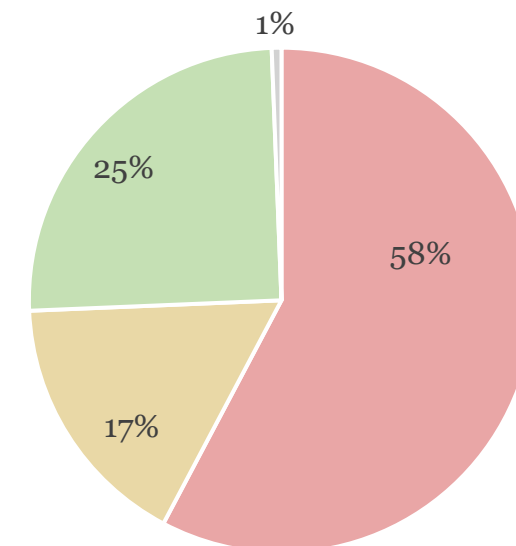
**29%**  
Return on Capital Employed

**Rs 51 cr**  
Returned to shareholders  
in last 4 years

# Our businesses – presence across all categories

<b>Core business</b>	Export of wide range of Indian ethnic products - ready-to-cook, ready-to-eat, frozen, pickles, condiments, etc. - to over 55 countries with significant presence across US, UK and GCC markets
<b>US subsidiary</b>	Dealing in organic & natural foods in the US in a wide range of hand rolled organic burritos with authentic Mexican flavors
<b>Agency distribution business</b>	Distribution of consumer products for a Fortune 500 FMCG, in the US and UK markets; the products are synergistic to own products and enables to offer a wide range to distributors
<b>India business</b>	Healthy & tasty products under the brand 'SOUL' for the urban India; pioneer in some product categories such as olive oil based pickles

**Contribution to Revenue  
H1FY21**





- Flagship brand primarily targeted to the Indian diaspora worldwide
- 300+ products in different categories under shelf stable and frozen range



- Primarily targeted at the mainstream (Non-Indian) consumers
- Offers a range of condiments, chutney, sauces and snacks
- Available in supermarkets in Europe; organic range available in the US



- Premium brand catering to customers in the Middle East market
- Range of pickles and spices targeted primarily at the Arabic diaspora



## AEROPLANE

- A leader in the economy category
- Offers a range of pickles, chutneys, etc., which are marketed primarily in the Middle East





- Organic hand rolled burritos
- Made with USDA certified organic ingredients
- Available in a wide range of classic burritos and breakfast burritos

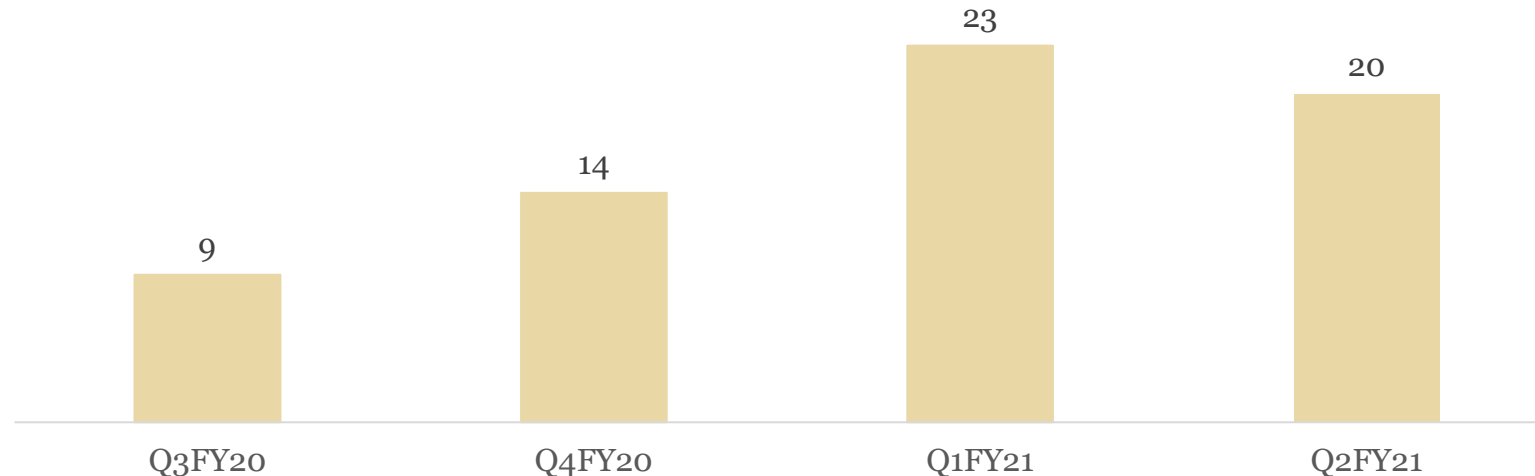


- Meatless meatballs: Made from protein-packed Non-GMO soy, offer the same taste, texture and versatility of traditional meatballs. All natural, vegan, vegetarian, good source of protein & no cholesterol
- Authentic Indian Roti Wraps and Chaats: Non-GMO, vegetarian, ready in minutes



- Distribution of some products of a global Fortune 500 FMCG in USA and UK markets
- Products are complimentary to existing range of ADF products and offers wide range of products to the distributors
- Focusing on adding more complimentary products of similar nature in product basket as well as adding products of few more companies in newer markets
- Enables the company access to a wider product portfolio to offer the retailers who stock the company's products

Revenue from Agency Distribution (Rs Cr)





## BINDASS KHAO

- Wide range of products - pickles, sauces, cooking paste, ready to cook instant masala mix, etc.
- Sold and marketed in Mumbai, India
- Available in Reliance Retail, Sahakari Bhandar & Haiko; Online Presence in Big Basket and Flipkart





# State of the art manufacturing units

## Facility at Nadiad, Gujarat

- Total Built up factory area - 15,000 Sqm
- Frozen Foods (Samosas, Vegetables, Snacks, Parathas, etc)
- Meal Accompaniments (Pickles, Chutneys, Pastes, Sauces)
- Ready to Eat Curries & Canned Vegetables



## Facility at Nasik, Maharashtra

- Total Built up factory area – 10,100 Sqm
- Totally automated spice processing unit by Buhler, Germany
- Meal Accompaniments (Pickles, Chutneys, Pastes, Sauces)
- Ready to Eat Curries & Spices



## Accreditations



The facility at Nasik is USDA Organic accredited, ensuring stringent production norms and sound farming practises



Bureau Veritas accreditation which demonstrates that products, processes and services meet the highest levels of safety, quality and regulatory standards



UKAS accreditation which ensures high standards for managing occupational health and safety



BRC accreditation ensuring both food safety & quality standard best practices are being maintained

# Strong distribution network



**55+**  
Countries

**180+**  
Distributors

**6**  
Country managers

## **Bimal Thakkar**

Chairman, Managing Director and CEO

- 30+ years of experience in domestic and export management
- Instrumental role in development of Brands and new products, tapping new markets, international acquisitions, setting up of subsidiary companies in U.K. and U.S.A.

### **Devang Gandhi**

COO

- 30+ years of experience in business management
- Hold a bachelor's degree in commerce

### **Shardul Doshi**

CFO

- 20+ years of experience in finance, IR and accounting
- Is a CA, CWA and CS and holds a bachelor's degree in commerce

### **Shalaka Ovalekar**

CS & Legal Head

- 15+ years of experience in secretarial and legal functions
- Is a CS, CWA, LLB and holds a bachelor's degree in commerce

### **Maneck Katpitia**

VP, International Operations

- 30+ years of experience in international operations
- Holds bachelor's degree in commerce and postgraduate in marketing and sales management

### **R. R. Singh**

VP, Manufacturing

- 30+ years of experience in food industry
- Holds a master's degree in Chemistry and PDG in F&F Technology

### **Deepak Nachane**

GM, Purchase

- 25+ years of experience in procurement, vendor development, inventory control
- Holds engineering degree in production technology & diploma in business & materials management

## **Deepa Harris**

Independent Director

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- 30+ years of expertise in high-end luxury hospitality category
- Currently Independent Director of PVR Limited, Jubilant Foodworks Ltd., Prozone Intu Properties Ltd, Taj Safaris, Concept Hospitality Ltd. and TCPL Packaging Limited.

## **Ravinder Jain**

Independent Director

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- 45+ years of experience in business management
- Has held various management position like MD of Shaw Wallace, MD of Millennium Alcobev and head of McDowell and Co.
- Has been instrumental in developing several green field businesses in alcohol and beverage industry as well as many well-known brands like McDowell's Whisky, Bagpiper Whisky etc.

## **Chandir Gidwani**

Independent Director

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- 45+ years of experience in financial services
- Chairman Emeritus & Founder of Centrum Capital Ltd; also runs a proprietary investing business focused on mid-sized Indian companies. Member of industry associations e.g. FICCI, CII, etc.

## **Viren Merchant**

Independent Director

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- 30+ years of experience and expertise in business management and pharmaceutical and healthcare industry
- Currently CEO of Encore Healthcare Pvt Ltd.

## **Naresh Kothari**

Independent Director

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- 25+ years of experience in business building and capital markets
- Has held various management roles including President of Edelweiss Capital, Co-Head of Edelweiss Alternative Asset Advisors, Head of Coverage & ECM, and Co-Head of Institutional Equities

## **Jay Mehta**

Non-Executive Director

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- 35+ years of rich industrial experience
- Executive Vice Chairman of Gujarat Sidhee Cement Ltd and Saurashtra Cement Ltd and is on the Board of various other private and public limited companies

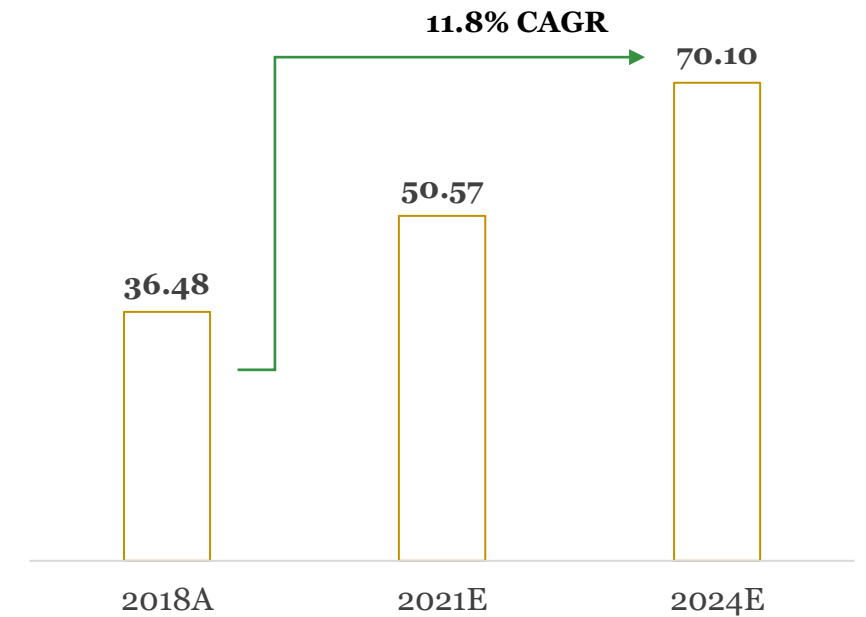
# Industry Drivers & Our Growth Strategy

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## Global Ethnic Food Market

- The global ethnic food market was valued at \$36.48 billion in 2018, and is projected to grow at 11.8% (CAGR) , to reach \$70.10 billion in 2024
- A paradigm shift in taste preference over ethnic food due to increased diaspora, the willingness to experiment with international cuisines and increasing migration among the world population for personal and professional purposes are pioneering the demand
- The consumers are looking for more innovative and experimental food choices which are authentic, convenient, ready to eat as well as healthy
- Amongst the international cuisines, Asian (Indian, Chinese), Middle Eastern and Mexican cuisines are the most preferred ones which are growing faster than market average.
- Indian food remains the largest segment ahead of Chinese in the UK ethnic food market



The global ethnic food market (\$billion)<sup>(1)</sup>

## Evolving Industry Trends

- **Evolving consumer tastes and preferences offering opportunities for innovations:** - Consumers demand healthy and authentic food alternatives with fewer artificial ingredients
- **Strong preference of convenience RTE food by millennials** - The largest living generation, having higher disposable income spend on RTE food products due the ease of consumption
- **Emerging importance of a balanced healthy diet** - Gluten free, lactose free, veganism, vegetarianism and nutritional food are gaining market share as consumers are becoming more health conscious

## COVID Impacting Consumer Behaviour

- The COVID outbreak has affected the consumer patterns leading to unprecedented changes in the RTE & RTC foods business
- On the demand side, there has been a rise of people stocking up on food with long shelf-life and preferring to eat home cooked meals are precautionary measures
- With most restaurants being closed and a large number of people working from home, the ready-to-eat market has been witnessing accelerated growth amid the pandemic
- This shift in consumer behavior and preferences is expected to become the new normal

# ADF - Strongly positioned for next phase of growth

## Journey So Far

- 1** Established strong brands in various segments
- 2** Strong global distribution network
- 3** Robust Balance sheet with zero debt
- 4** Strong margins and return ratios
- 5** Distribution of products of a Fortune 500 company

## Journey Ahead

**1**

### Increasing Capacities

Enhancing capacities to cater to increasing demand

1. Acquiring a manufacturing facility on lease to drive near-time growth
2. Investing in greenfield expansion to improve capacities

**2**

### Broadening Distribution Network

- Building own depots in the US to increase direct reach, thereby cutting down intermediary costs and improving margins
- Continuous expansion of network by adding more distributors

**3**

### Strengthening 'Agency Distribution' Business

- Increasing product offerings in distribution business, thereby enhancing product basket
- Targeting more strategic tie-ups for complementary products across geographies



# While generating value for shareholders

Our continued focus lies on improving cash generation and maintaining a robust balance sheet, thereby enabling us to generate strong returns and reward shareholders

FY17  
Rs 9.6 crore

Buyback

FY18  
Rs 5.5 crore

Dividend Payout

FY19  
Rs 30 crore

Buyback

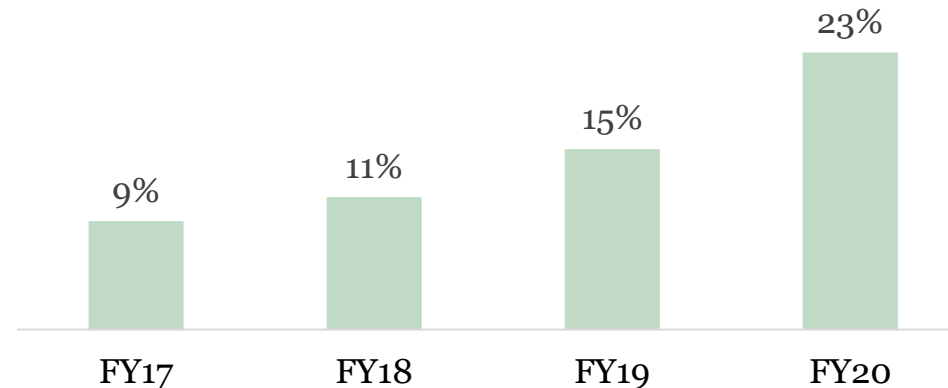
FY20  
Rs 6 crore

Dividend Payout

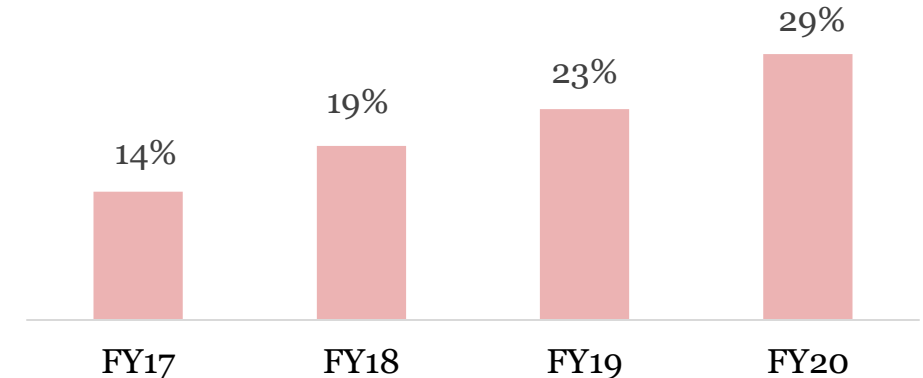
**Rs 51 crores**

Returned to  
shareholders in the  
last 4 years

Return on Equity %



Return on Capital  
Employed %



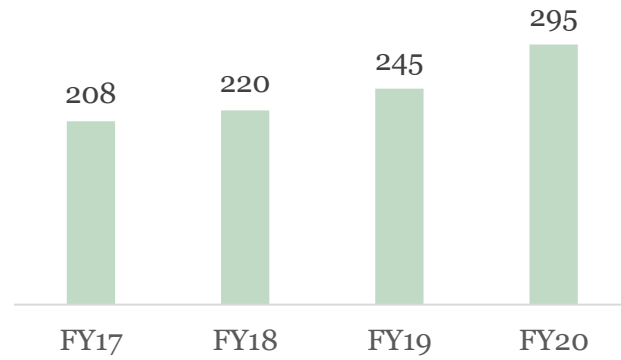
# Historical Financial Overview

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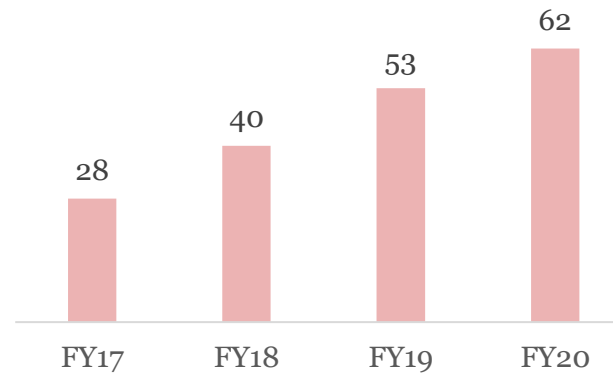


# Consolidated financial performance

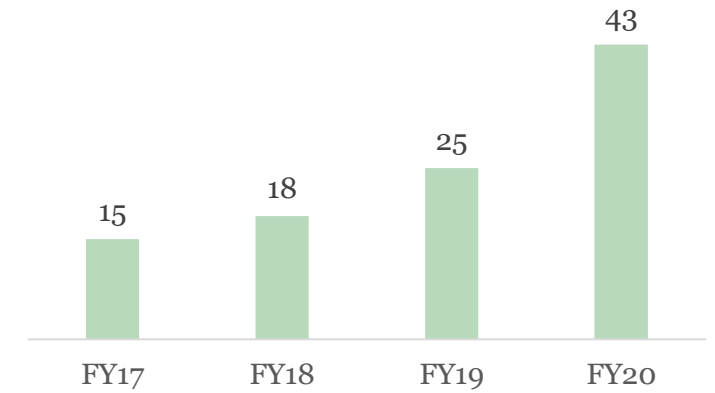
**Total Income**  
12% 3 year CAGR



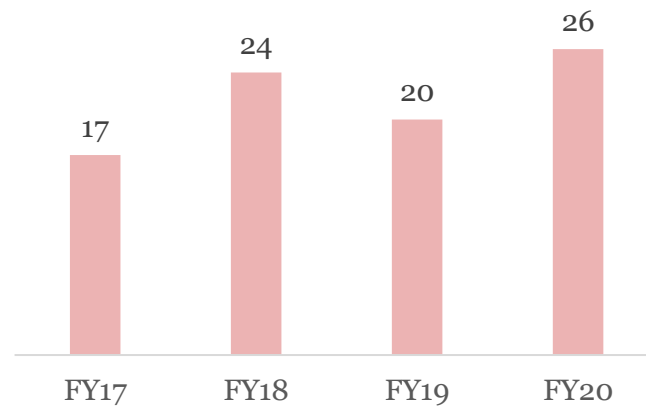
**EBITDA**  
30% 3 year CAGR



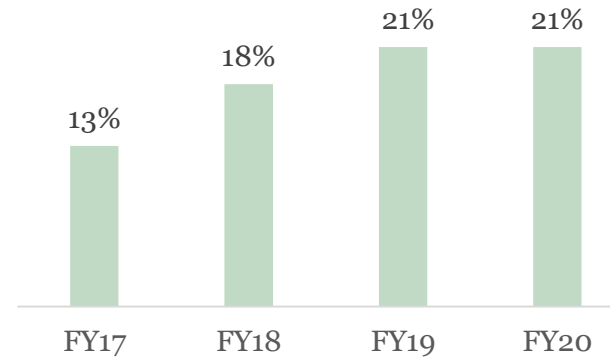
**PAT**  
43% 3 year CAGR



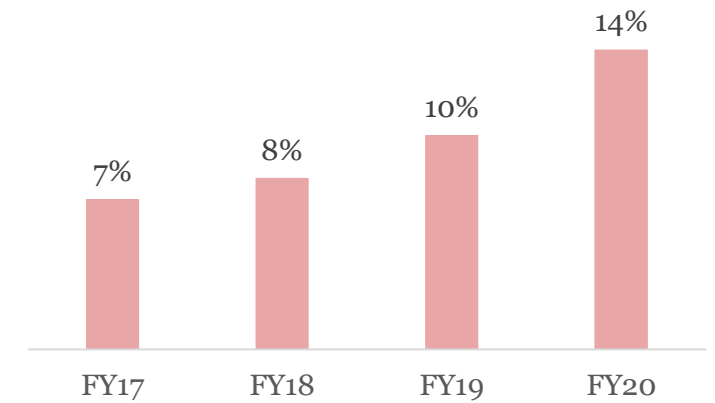
**Cash flow from operations**



**EBITDA Margins %**



**PAT Margins %**



# Historical profit and loss statement

(Rs Cr)	Standalone			Consolidated		
	FY18	FY19	FY20	FY18	FY19	FY20
Revenue from operations	163.8	187.5	182.1	201.0	231.4	272.8
Other income	18.6	14.1	21.8	18.6	14.1	21.8
<b>Total Income</b>	<b>182.4</b>	<b>201.6</b>	<b>203.8</b>	<b>219.6</b>	<b>245.5</b>	<b>294.6</b>
Cost of material consumed	78.2	89.33	81.81	78.2	89.3	81.8
Changes in inventories	2.8	-4.2	-0.5	1.5	-11.1	-19.2
Purchase of stock-in-trade	11.4	6.6	7.5	34.2	42.0	86.4
Employee expenses	13.9	13.4	15.1	16.4	16.1	17.6
Other expenses	39.7	47.3	52.2	49.3	56.3	65.4
Total Operating expenses	146.0	152.4	156.1	179.6	192.7	232.1
<b>EBITDA</b>	<b>36.4</b>	<b>49.2</b>	<b>47.7</b>	<b>40.0</b>	<b>52.8</b>	<b>62.5</b>
<b>EBITDA margin</b>	<b>20.0%</b>	<b>24.4%</b>	<b>23.4%</b>	<b>18.2%</b>	<b>21.5%</b>	<b>21.2%</b>
Finance cost	1.1	0.9	1.3	1.1	0.9	1.3
Depreciation and Amortization	4.4	4.3	5.5	6.8	14.2	5.9
<b>PBT</b>	<b>30.9</b>	<b>44.0</b>	<b>40.9</b>	<b>32.1</b>	<b>37.7</b>	<b>55.3</b>
<b>PBT margin</b>	<b>17.0%</b>	<b>21.8%</b>	<b>20.0%</b>	<b>14.6%</b>	<b>15.4%</b>	<b>18.8%</b>
Tax Expenses (Credits)	8.6	13.5	9.1	14.0	12.4	12.2
Exceptional Items	-	-	-0.3	-	-	-0.3
<b>PAT</b>	<b>22.3</b>	<b>31.5</b>	<b>30.5</b>	<b>18.1</b>	<b>25.3</b>	<b>42.8</b>
<b>PAT Margin</b>	<b>12.3%</b>	<b>15.4%</b>	<b>15.1%</b>	<b>8.2%</b>	<b>10.3%</b>	<b>14.5%</b>

Depreciation and Amortization expense in consolidated financials for FY19 includes an amount of Rs. 9.9 cr s on account of impairment of certain brands held in US subsidiary

# Thank You



**Shardul Doshi (CFO)/ Shalaka Ovalekar (CS)**

**ADF Foods Limited**

[shardul@adf-foods.com](mailto:shardul@adf-foods.com)

[co\\_secretary@adf-foods.com](mailto:co_secretary@adf-foods.com)

Marathon Innova B2 – G01, G. K. Road

Lower Parel, Mumbai 400 013



**Pooja Dokania/ Rishav Das**

**Pareto Capital (Investor Relations)**

[pooja.dokania@paretocapital.in](mailto:pooja.dokania@paretocapital.in)

[rishav.das@paretocapital.in](mailto:rishav.das@paretocapital.in)

210, B Wing, Kanakia Wall Street

Andheri East, Mumbai - 400069