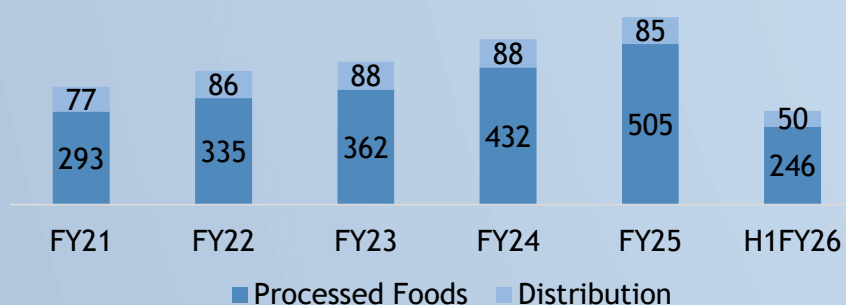


ADF Foods Ltd (Incorporated in 1990) manufactures and exports ready to eat meals, frozen foods, spices/pastes and related grocery products in its own brand to 55+ countries, with a strong presence in USA, Canada, UK, EU, and Asia Pacific. It has food processing capacity of 28000 MTPA across its two manufacturing facilities, each located at Nadiad, Gujarat and Nashik, Maharashtra, respectively. The company operates in two key segments such as - i) Processed Foods, and ii) Distribution business. It operates a multi-brand portfolio with Ashoka as its key Brand and Truly Indian, Aeroplane, Camel, and ADF Soul as other brands with 400+ SKUs.

Core Revenue Segments



Processed Foods- Product Categories

Frozen Products

Ready-to-eat & Ready to-cook

Food Accompaniments

Spices & Others

Source: Company Reports, NBRR

Strategic branding initiatives expected to drive the overall growth

- **‘Ashoka’ to sustain the growth momentum at ~20% CAGR:** Ashoka remains company’s flagship brand with a robust growth ~22% CAGR between FY21-25. It contributed ~55% of ADF’s FY25 standalone revenue. The Ashoka brand is available at 80-90% South Asian retail Stores of US.
- **‘Truly Indian’ is the second focused brand,** which is expected to witness scale up in its US business post successful operations at Germany. It is a premium brand having a low base, where management expects robust growth in the upcoming quarters with rising penetration (present in 2000+ US mainstream retail stores & growing presence on Amazon).
- In the recent past years, it has started strengthening its **ADF SOUL brand targeting Indian urban market.** It is expected to achieve Rs. 50-60 Cr revenue over the next three years. It has 35+ SKUs in premium category that includes pickles, chutneys, Dips, sauces, frozen breads and snacks.
- The company’s other focused value brands in Middle East are ‘Aeroplane’ and ‘CAMEL’ to maintain the steady growth at 8-10%.

- **Steady Growth in private label category** (~25% of FY25 standalone revenue) will continue and margins are also likely to be maintained.
- **New product listings at major retail chains:** In Q2FY26, new listings at CostCo Wholesale were mainly at 3 regions i.e. Australia, Texas and Chicago. It is present across all 52 stores in Texas for 'Truly Indian' with 4 SKUs. In Australia, mainly for 'Ashoka' with 1 SKU. During Q2FY26, it has received trial purchase orders of \$500-600K (i.e. INR 4.5 - 5.5 Cr) only. One can expect scale up in these orders post receiving permanent listing at these stores.
- **Brand refresh and promotional activities:** The company has significantly increased its investments in brands and promotional activities over the past two years, which is expected to drive higher volumes and support future growth.
- **Upcoming greenfield facility at Surat:** With an investment of INR 90 Cr in phase I expansion, it will expand production of 'Frozen Products' for the 'Ashoka' and 'Truly Indian' brands—one of the company's fastest-growing categories. At full ramp up, it will add a capacity of ~ 8,000-10,000 MTPA and expects commissioning by Jan'26. Phase II expansion will require INR 40-50 Cr of investment. At full utilization, it is projected to generate INR 250 Cr of revenue. Besides this, company has completed debottlenecking activities at its existing plants and ongoing brownfield projects will contribute to the business growth and operational efficiencies.
- The Company's **Agency Distribution Division**, representing marquee brands such as Lipton Yellow Label Tea, Red Label Tea & Taj Mahal Tea, continues to deliver stable revenues while optimizing distribution costs for ADF's own brands. Further, it aims to launch new brands to maintain the steady growth.
- **Valuation:** ADF Foods has been investing in the brands and people. In 2018, Mr. Bimal Thakkar joined as Chairman, MD and CEO, who focused on scaling up the business with changes in professional management to drive the next phase of growth. The company has been sanctioned INR 62 crore under the PLI scheme for global branding, which will be utilized between FY23-27 to support growth. Our FY25-27E revenue CAGR estimate of ~17% is conservative against the company's guidance of reaching ₹1,000 crore by FY27E at ~25-30% CAGR. **We value the stock at 30x P/E to FY27E EPS to arrive at a target of INR 272/share.**

(Figures in INR Crore)

Year	Revenues	Growth	EBIDTA	Margin	PAT	Margin	EPS	P/E	EV/EBITDA	ROE	ROCE
FY24	520	16%	105	20%	74	14%	6.72	30.8x	19.3x	16.7%	20.2%
FY25	590	13%	98	17%	69	12%	6.25	33.1x	26.1x	14.0%	17.1%
FY26E	678	15%	119	18%	78	12%	7.14	29.0x	18.8x	13.7%	17.2%
FY27E	814	20%	146	18%	99	12%	9.06	22.9x	15.2x	14.8%	18.7%

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