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**Disclaimer**  
Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks/ uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include input costs and/or its availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

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## The big picture

India is the world's second largest country by population with a history that extends across hundreds of centuries.

This rich history is reflected in India's cuisine comprising ethnic and multi-country influences.

ADF is positioned as an ethnic Indian food company that addresses the needs of the Indian diaspora worldwide

The Company is investing in a range of initiatives to emerge as the leading company in this exciting space.



CORPORATE SNAPSHOT

ADF is among the most exciting, fast-growing companies in the ethnic foods space.

ADF owns distinctive brands that address specific consumer needs, generating most of its revenues through exports.

ADF has invested in warehouses, distribution firms and distribution alliances as a part of its holistic business strategy.

Mission

To feed the world.  
To be your partners in the kitchen globally, creating products that marry taste and ease.

Vision

To make our food products the choice of every home.

Values

**Responsible sourcing:** We source the best ingredients at fair prices from the local vendors and farmers.

**Technology for good:** We invest in technology that creates products that are good for you and for the planet.

**Business with heart:** Taste and ease are at the heart of what we do – and so is integrity.

Our manufacturing facilities

Nadiad

- Total built up factory area of over 16,500 sq. m
- Products manufactured comprise:
  - Frozen foods (snacks, breads and vegetables)
  - Meal accompaniments (pickles, chutneys, pastes and sauces)
  - Ready-to-eat curries, rice and canned vegetables

Nashik

- Total built-up factory area of over 11,000 sq. m
- Totally automated spices processing unit from Buhler (Germany)
- Products manufactured comprise:
  - Meal accompaniments (pickles, chutneys, pastes and sauces)
  - Ready-to-eat curries, rice and canned vegetables

Surat

- Total built-up factory area of 2,800 sq m
- Products manufactured comprise frozen food (breads and snacks)

Our background

ADF was founded in 1932 when the promoters of the Company entered the business by vending specialty dried fruits from a small retail outlet called American Dry Fruits Store in Mumbai. Over the next nine decades, the business evolved to become a leading food manufacturing company with a presence in more than 55 countries across the globe.

Manufacturing facilities

ADF has an annual food processing capacity of ~ 28,000 MT across plants in Nadiad (Gujarat), Nashik (Maharashtra) and Surat (Gujarat).

Footprint

ADF provides authentic Indian tastes to the Indian diaspora and mainstream resident consumers in more than 55 countries. The Company is focused on growing exports in North America, Europe, UK, Middle East, and APAC. Over 99% of the Company's revenues in FY 22 were derived from export sales.

Product mix

The Company's portfolio comprises 400+ products ranging from frozen snacks, breads and vegetables to ready-to-eat foods, meal accompaniments, condiment pastes, cooking sauces, spices and milk drinks.

Brands

The Company's products are marketed through eight brands viz. Ashoka, Camel, Truly Indian, Aeroplane, Nate's, PJS Organics, ADF Soul, and Khansaama. These brands cater to distinct audiences and, over time, have built strong consumer loyalty within their categories.

People

As on March 31, 2022, the Company's permanent workforce was 332 people. The workforce possessed a range of competencies covering business management & development, production, quality control, Research & Development, finance, marketing, sales & distribution, legal and human resource management, amongst others.

Certifications and accreditations

- USDA organic accreditation for the Nashik plant, ensuring stringent production norms and sound farming practices
- UKAS accreditation which ensures high standards for managing occupational health and safety
- BRC accreditation ensuring food safety and quality standard best practices
- ISO 22000:2008 certification
- Sedex certification, which demonstrates a compliance with labour standards, health & safety, environment and business ethics

Awards & recognitions

**Great Taste Award:** 'Soul' brand won the prestigious 'Great Taste Award' in the Ready to Eat category for Punjabi Choley in the UK in 2017-18

**SOFI Awards 2017:** 'Truly Indian' brand won two silver awards in the SOFI awards of 2017 held by Specialty Foods Association, US

Best FMCG company (SME sector):

Awarded 'Best FMCG Company' in Agribusiness sector (SME sector) at the DHL- CNBC International Awards for 2008-09.

Best Overall Exporter of the Year:

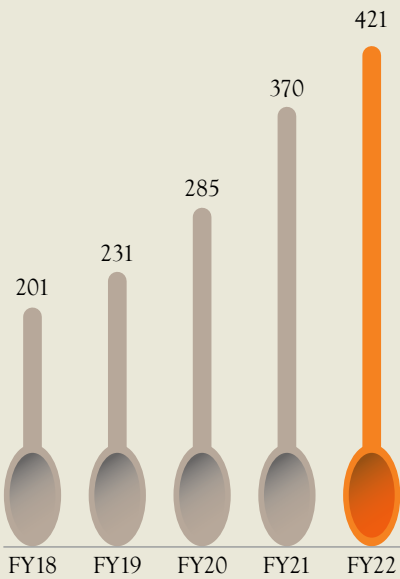
Awarded 'Best Overall Exporter of the Year' (SME Sector) at the DHL- CNBC International Awards in 2008-09

Exceptional performance in exports:

Received the prestigious APEDA award for five consecutive years from 1997-98 for exports promotion.



# How we have performed over the years



Revenue from operations  
(Rs. in crore)

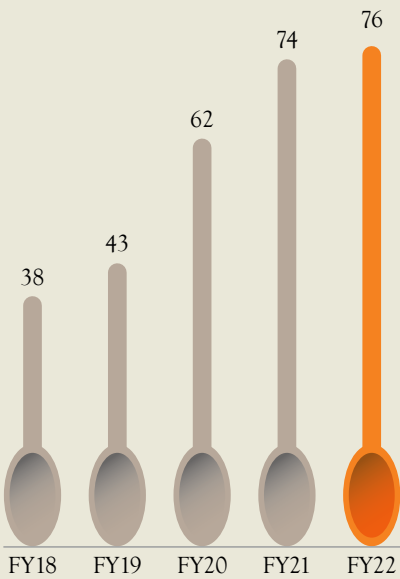
**Definition**  
Proceeds generated from the sale of products (net of taxes).

**Why is this measured?**  
It is an index that showcases the Company's competitiveness in servicing customers with products; can also be used as an index to compare size with other companies.

**What does it mean?**  
This indicates the capacity of the Company to carve out market presence cum share, a foundation on which to amortize focused costs.

**Value impact**  
Sales increased by 14% to Rs. 421 crore in FY 2021-22 due to a better product mix, price increase and volume growth.

\*The Company's revenue has outperformed and almost doubled in just three years.



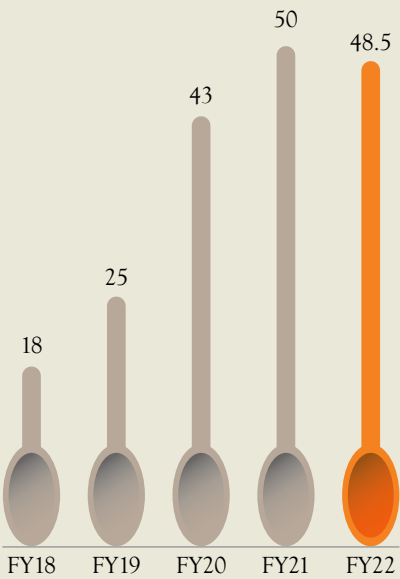
EBITDA  
(Rs. in crore)

**Definition**  
Earnings before interest, depreciation, extraordinary items and tax.

**Why is this measured?**  
It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

**What does it mean?**  
Helps create a robust growth engine.

**Value impact**  
The Company generated an attractive surplus despite sectorial challenges.



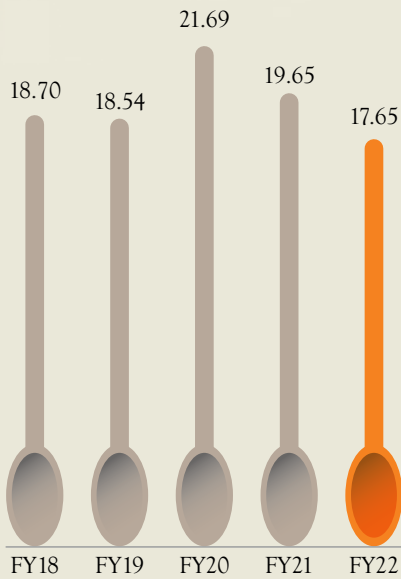
Net profit  
(Rs. in crore)

**Definition**  
Profit earned during the year after deducting all expenses and provisions.

**Why is this measured?**  
This measure highlights the strength of the business model in enhancing shareholder value.

**What does it mean?**  
Ensures that adequate surplus is available for reinvestment.

**Value impact**  
The Company reported a 2% reduction in net profit in FY 2021-22 mainly due to higher freight and inflation in raw materials cost.



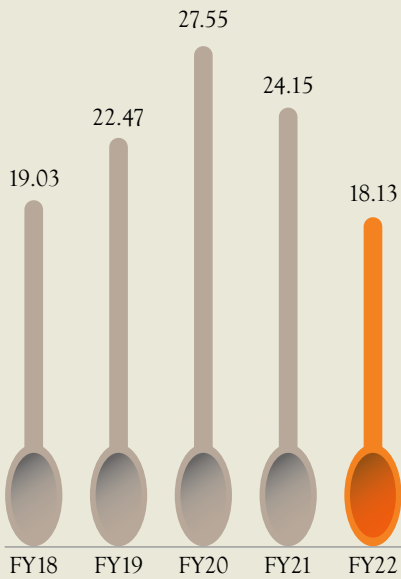
EBITDA margin  
(%)

**Definition**  
EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency.

**Why is this measured?**  
The EBITDA margin provides a perspective of how much a company earns (before deduction of interest, depreciation and taxes) on each rupee of sales.

**What does it mean?**  
This demonstrates adequate buffer in the business expressed as a percentage, which, when multiplied by scale, enhances surpluses.

**Value impact**  
The Company reported a lower EBITDA margin during FY 2021-22 due to higher freight and raw materials inflation.



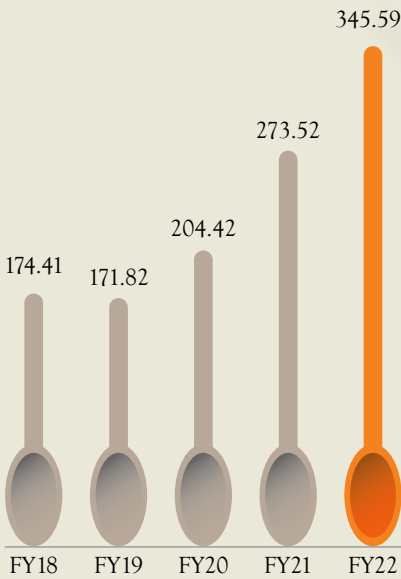
ROCE  
(%)

**Definition**  
It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

**Why is this measured?**  
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

**What does it mean?**  
Enhanced ROCE can potentially drive valuations and perception.

**Value impact**  
The Company reported a 6.02bps decline in ROCE in FY 2021-22 mainly because of reduced margins and additional capital of Rs. 34.15 crore (9,43,500 equity shares @ Issue Price of Rs. 362 per share) raised towards the end of FY 2021-22 arising out of conversion of warrants allotted on a preferential basis.



Net worth  
(Rs. in crore)

**Definition**  
This is derived through the accretion of shareholder-owned funds.

**Why is this measured?**  
Net worth indicates the financial soundness of the Company – the higher the better.

**What does it mean?**  
This indicates the extent of shareholder funds invested within the Company to grow the business.

**Value impact**  
The Company's net worth strengthened attractively during the year under review.

\*Includes non-controlling interest



# Managing Director's business overview



During the year under review, your company reported revenues of Rs. 421.20 crore and a profit after tax of Rs. 48.52 crore on a consolidated basis. This is but a fraction of the existing market...

## Overview

I am proud to report to our shareholders the Company's creditable performance despite a challenging FY 2021-22. We continued to maintain our high growth trajectory, catering to new market segments, adding new product categories and foraying into the direct distribution business in select global markets.

Not only has our company grown over the last few years, but the specialty foods niche as a whole has also grown, achieving the required critical mass to evoke adequate investor interest. We aspire to create sustained value for our stakeholders by delivering quality food products to our customers.

## What makes us different

ADF is a differentiated foods company.

First, we are an ethnic foods company, not to be confused with packaged food companies that trade or package staples like rice or wheat; our product sophistication and niche of product application makes us unique. The realisations we generate are considerably higher than general food companies of the same volume equivalent.

Next, our recipes are carefully crafted by skilled chefs from different parts of the country. This enables us to provide our consumers with the most authentic version of their favourite foods.

## Our optimism

At ADF, we see the beginning of a multi-decade opportunity.

The 'globalisation' of India that commenced with the economic liberalisation of 1991 has acquired critical mass. India is the world's sixth largest economy; it is among the two fastest growing major economies; Indians around the world are reaching greater heights. This creates positive externalities for our market, as it encourages other ethnicities to experience our culture, cuisine and the like.

Just like chicken tikka masala evolved from a niche Indian cuisine to the national dish of Britain, we could be seeing a similar transformation within mainstream cuisines across the America, Europe and the Far East.

## Leaving a thought

During the year under review, your company reported revenues of Rs. 421.20 crore and a profit after tax of Rs. 48.52 crore on a consolidated basis. This is but a fraction of the existing market and its potential is vast and likely to be achieved across the years to come.

We are optimistic that the vast operating headroom and the platform that the Company is creating shall empower it to double revenues every three years across the next six years.

**Bimal Thakkar**  
Chairman & Managing Director



## OUR OPERATIONAL REVIEW



**“Given the challenges encountered, the performance reported during the last financial year was a showcase of the Company’s resilience”**

**Mr. Bimal Thakkar, Chairman & Managing Director, analyses the performance of the Company during the year under review and looks ahead**

**Q: Was the management pleased with the performance of the Company during the last financial year?**

A: Given the challenges that the Company encountered, the performance reported during the last financial year was a showcase of the Company’s resilience. The challenges comprised the outbreak of the second and third pandemic waves in India, which could have potentially affected production and export; a decline in the availability of shipping containers increased logistic costs that affected the supply chain. Further, there was a sharp increase in the cost of food ingredients throughout the last year. These challenges affected the performance of our company. Due to our team’s persistence, however, nearly 85% international shipments were delivered on time and in full. The Company also strengthened its product mix, moderated costs and passed on some cost increases. As a result, revenues increased 14% on a consolidated basis over FY 2020-21

**Q: Shareholders would be keen to understand the reasons that went into this resilient performance.**

A: Over the past three years, we have professionalized the business and harmonized our path to growth. There has been a greater focus on distribution, product innovation and the launch of new products. As a result, the Company almost doubled revenues in just three years and we expect this momentum to continue.

**Q: Can you explain the role of distribution and how the Company has addressed it?**

A: Since our products largely address the South Asian diaspora, there is a premium on the need to place our products across general trade stores accessed by consumers of South Asian origin across USA, UK, Germany and other countries. We recognised that the conventional approach of selling to a large wholesaler would not work; the reach of our products would be limited by the reach of the wholesaler. We selected distributors with a closer engagement with retailers across their footprint. In addition, we opened two warehouses (New Jersey and Atlanta) that would deliver products with speed, replenishing the ones sold, and establishing a better shelf presence. I am pleased to communicate that following the commissioning of these warehouses in September 2021, the sales we generated in the same regions trebled, validating our investment.

**Q: What did the Company do to invest in talent on the ground?**

A: At ADF, we have taken a long-term view: we recognised the handicap of

working through representatives overseas. We appointed country managers instead, supported by small teams. This enhanced our engagement with distributors and retailers; we responded faster to marketplace feedback; we provided our trade partners with the confidence that we were always present – physically or electronically – to address their needs. This presence made it possible to strengthen the coordination between our warehouses and trade partners, enhancing the latter’s confidence to go out and market our offerings better.

**Q: How does the Company intend to strengthen its business?**

A: We believe that a large scope exists in leveraging enhanced value from our distribution network. This network represents a pipeline of distributors and retailers largely addressing the needs of the South Asian diaspora through the general trade. More brands can be marketed through this network in addition to our own.

Since 2019-20, the Company began to market products belonging to other companies as well through this network. Currently we are engaged in agency distribution for two leading FMCG companies i.e. Unilever (UL) and Patanjali; we market products complementary to ours (tea, coffee, soups and atta for Unilever and consumer goods and Ayurveda products for Patanjali). This complement of products (ADF brands and agency distribution) strengthens the value of our proposition for trade partners, making it possible for us to account for a larger share of their wallets. We intend to extend this agency distribution model to a wider product range and more countries. We foresee that the agency distribution business – as a proportion of revenues – could increase to 25% over the next three years, enhancing

our recall as a dependable partner. This could open the doors to more such alliances and strengthen our brand as a solutions provider within our niche. The benefit of this outsourcing model is that it is asset-light and limited to our working capital deployment, generating an attractive return on investment.

**Q: Was there any other initiative related to strengthening the Company’s distribution presence in USA?**

A: We believe that sustainable growth in USA can be best derived if we control the distribution network. I have already explained the initiative to commission two warehouses. This has ensured uninterrupted product supply. Moreover, the Company established a step-down subsidiary named Vibrant Foods New Jersey LLC, which acts as a distribution entity. This has enabled direct reach to retailers, better push of products and the optimisation of margins.

**Q: How else does the Company intend to grow its business?**

A: During the year under review, the Company generated 99% of its revenues from the international market. In the past, we did not venture into selling in the Indian market. However, we will now address this market with our ‘Soul’ brand in a fresh look. This brand will market Indian and non-Indian products to discerning palates exclusively through e-commerce.

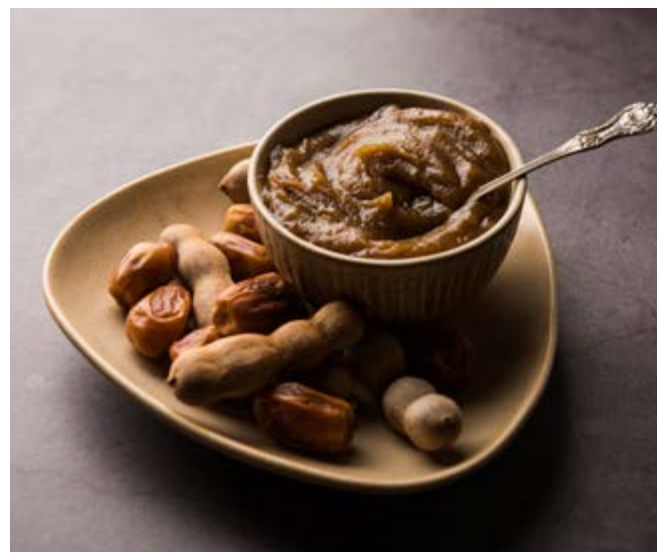
In addition to this initiative, the Company will continue to engage with more distributors in the international markets, increase the number of warehouses in US during the current financial year, and launch more products under the existing brands.





Our portfolio of brands				
	Ashoka	Truly Indian	Camel	Aeroplane
Positioning	Flagship brand targeted at the Indian diaspora	Targeted at the non-Indian diaspora	Premium brand; targeted at the Arab diaspora	Economy brand
Products	Frozen snacks, frozen breads, frozen vegetables, ready-to-eat, meal accompaniments, pastes, sauces, spices and milk drinks	Ready-to-eat, meal accompaniments, pastes and sauces	Meal accompaniments, pastes and sauces	Meal accompaniments, pastes and sauces
Geographies	USA, Canada, UK and APAC	Germany and USA	Middle East	Middle East
Retail channel	70 - 90% from ethnic stores across geographies; balance from mainstream / modern trade stores	100% from mainstream/modern trade stores	95% from mainstream/modern trade stores	65% from mainstream/modern trade stores; 35% from general trade
	ADF SOUL	PJS	Nate's	Khansaama
Positioning	Targeting urban Indian customers	Organic, made with USDA certified organic ingredients	Non-GMO, all natural, vegan and vegetarian	Mughlai course-kebabs, curries, naans and pulao, along with pickles
Products	Meal accompaniments, pastes, sauces			Easy-to-cook frozen meals
Geographies	Sold and marketed primarily in Mumbai, India	USA	USA	At the planning stage
Retail channel	Available in select retail stores and online channels	100% from mainstream/modern trade stores	100% from mainstream/modern trade stores	At the planning stage





### Products portfolio (illustrative list)

#### Frozen products

- Snacks: Punjabi samosas, batata vada and kathi rolls
- Vegetables: Green chilli, Mixed vegetables, cut methi and palak
- Breads: Tandoors and parathas

#### Ready-to-eat and ready-to-cook

- Ready-to-eat normal: pav bhaji, dal makhni and matar paneer
- Ready to eat vegan: bhindi masala and paneer (tofu) makhani

#### Food accompaniments

- Pickles: Chilly, lemon, mango and mixed
- Chutneys: Coconut, coriander, mint, sandwich, pani puri, dates and tamarind
- Sauces- Pasta sauce, pizza sauce

#### Spices and Others

- Spices: Madras curry powder and tamarind
- Others: Almond flavoured milk beverages

#### Mexican products

- Mexican products: Frozen Mexican hand-rolled burritos
- Plant-based protein (meat alternatives) like meatless meatballs



## OUR BRANDS OVERVIEW

### Overview

ADF survived two challenging years and emerged stronger.

Even as there was some demand destruction during the last two years on account of the pandemic with consumers either deferring purchases or unable to buy on account of lockdown conditions, the Company's brands performed well.

This is how the credentials of the brands continued to be in evidence during the year under review.

**One**, ADF continued to lead brand recall for Indian ethnic foods in the markets of its presence.

**Two**, the Company continued to sell more, protecting a respect and sheen that had been built across the years.

**Three**, the Company deepened its footprint in international markets; it enhanced sales in USA and UK, among the most demanding markets in the world.

**Four**, the Company maintained its margins largely around the same level.

**Five**, the Company invested in distribution-strengthening initiatives.

The Company's brand competitiveness is the outcome of years of consistent investment.

**Recalls:** ADF (corporate and product brands) stands for trust, authentic Indian food, net debt-free position and innovation. It is generic to the words 'ethnic Indian foods'.

**3 A's:** ADF products are stocked (availability) across many retail points across more than 55 countries (accessible) and provides a superior price-value proposition (affordable).

**Leadership:** ADF is respected for product authenticity, market visibility and leadership, an index of its brand potency. The sustained leadership accelerated product offtake across market cycles, transformed the Company's models into industry benchmarks and made them annuity revenue generators.

**Range:** ADF provides a wide consumer choice, making it a single-stop solution provider for consumers (Indian expatriate and mainstream resident nationals) – for snacking, meal, ingredient and complementary needs.

**Launches:** ADF Foods revitalized its brand through periodic launches, validating the effectiveness of its research function to design and launch innovative products.



## New product launches in FY 2021-22



Frozen foods



Chutneys



Sauces



Frozen kulchas



Ambient range

## Promotions and displays



UK cross promotion : Buy any pack of tea and get Ashoka ready-to-eat pack free



In store displays



Tea sampling promotion



Recent promotional and advertising engagements - illustrative



Willow TV US & Canada -T20 World Cup Cricket 2021



Sony TV International : Kapil Sharma Show, Indian Idol, Super Dancer and Crime Patrol



Sab TV International- Tarak Mehta ka Ooltah Chashma



Times Now US-Super Prime Time

The robust ADF business model

Structured to enhance sustainable value

Overview

At ADF, we have invested in a business model that addresses our need for sustainable growth. We believe that we are engaged in a business with limitless potential. We are presently addressing only a fraction of our potential. This vast potential is being addressed with a range of initiatives.

On a consolidated basis, the Company grew

revenues from Rs. 231 crore in FY 2018-19 to Rs. 421 crore in FY 2021-22; profit after tax strengthened from Rs. 25 crore in FY 2018-19 to Rs. 48.5 crore in FY 2021-22; EBITDA margin remained above 18% in any of the years.

Exports accounted for more than 99% in each of the three years ending FY 2021-22; US (largest market for the Company’s

products) grew 10% compounded in the three years ended FY 2021-22.

At the close of the year under review, the Company had sizable cash on its books, attractive revenue visibility, stable margins, and an under-addressed market with multi-year growth potential.

Our business model

Big picture	Power of intangibles	Strong Balance Sheet (consolidated)
<b>Mission</b> <ul style="list-style-type: none"> <li>Popularise Indian cuisine the world over catering to Indian diaspora</li> </ul>	<b>Brands-driven</b> <ul style="list-style-type: none"> <li>Consistent investment in brand creation and promotion</li> <li>All revenues derived from brands with distinctive characteristics and audiences</li> </ul>	<b>Liquidity</b> <div> <div>117</div> <div>Rs. crore, cash on books as on March 31, 2022</div> </div> <div> <div>42.02</div> <div>Times, interest cover in FY 2021-22</div> </div>
Knowledge and experience	Customer focus	Under-borrowed
<b>Domain understanding</b> <ul style="list-style-type: none"> <li>Multi-generational understanding of Indian ethnic foods culture</li> <li>Rich understanding of preferences across region and states</li> </ul> <b>Dominate a niche</b> <ul style="list-style-type: none"> <li>Specialised in speciality Indian ethnic foods</li> <li>Present across most product categories</li> <li>Aligned with government policies</li> <li>Focus on enhancing domestic value-addition</li> <li>Approved under the PLI scheme</li> </ul>	<b>Catering the consumers across the globe</b> <ul style="list-style-type: none"> <li>Select brands customised for non-Indian palates</li> </ul> <b>Leverage research</b> <ul style="list-style-type: none"> <li>Dedicated to research</li> <li>Team comprising chefs and food scientists</li> </ul> <b>Customer proximity</b> <ul style="list-style-type: none"> <li>Presence in more than 55 countries</li> <li>Presence across US, UK, rest of Europe and GCC</li> </ul>	<div> <div>11</div> <div>Rs. crore, long-term debt on the books</div> </div> <div> <div>0.04</div> <div>Debt-equity ratio as on March 31, 2022</div> </div>
		<b>Exports-driven</b> <div> <div>99</div> <div>%, revenues derived from export, FY 2021-22</div> </div>