

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended 31st March 2025

This report contains forward-looking statements, which reflect management’s current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

I. Key Performance Highlights

- The Company has achieved a net profit of RO 915,508/- in the financial year 2024-25, compared to RO 723,033/- in the financial year 2023-24. The Company has managed to deliver a growth in this financial year over previous year. The growth percentage is 27%.
- In line with the plans of the company, growth has been delivered across all markets in GCC. The management has made efforts to achieve sustained growth across all GCC markets by taking the following measures:
 - Identifying the right product-market fit.
 - Focused consumer activations to increase sales of newly launched products.
 - Continuous development of new products and markets
- The key financial performance of the company for the last 5 financial years are as follows:

	2020-21	2021-22	2022-23	2023-24	2024-25
	(12 Months)	(12 Months)	(9 Months)	(12 Months)	(12 Months)
Sales (RO '000)	12,673	11,832	11,742	17,210	19,688
Profit after tax (RO '000)	784	234	193	723	915
Equity (RO '000)	7,490	7,575	7,517	990,7	8,655
Dividend paid during the year (%)	15%	25%	25%	25%	50%

II. Industry Structure and Development

- Your company has successfully enhanced its market presence and shelf visibility in the Sultanate of Oman and other GCC countries through the introduction of new product lines and improved sales performance of its existing portfolio.
- Competitive pressure remains strong in key export markets, particularly from biscuit manufacturers based in the GCC region, India, and Turkey.
- There has been a marked rise in local biscuit production across major African markets, accompanied by the imposition of countervailing duties, posing additional challenges for export growth.

III. Opportunities and Threats

Opportunities

Export Markets

- Strengthening market responsiveness through data-driven product development and localized offerings tailored to evolving consumer preferences in each region.
- Expanding brand visibility and engagement through integrated marketing efforts, including digital campaigns, influencer partnerships, and in-store experiences aligned with premium product positioning.
- Unlocking growth by targeting underpenetrated international markets with differentiated, value-added product lines, particularly in high-potential regions such as Asia, Africa, the Levant, and MENA.
- Leveraging customer insights and feedback mechanisms to refine go-to-market strategies, ensuring consistent success in product launches and long-term consumer loyalty.
- Building strategic alliances and distribution partnerships to accelerate reach in emerging economies and enhance the efficiency of market entry across diverse geographies.

Threats

a) Credit exposure

- Your company extends credit to its customers in local and overseas markets and hence has credit related risks, however your Company takes adequate measures such as bank guarantees, Letter of Credit and Insurance cover wherever possible to reduce the risk.
- Your company ensures that all transactions are with renowned distributors in these markets, thereby ensuring minimum risks of goods and payments
- Your company has taken a credit insurance from credit Oman to cover all possible unsecured risks.

b) Foreign currency exposure

- Considering that your Company exports substantial volumes to overseas markets, it is exposed to currency-related fluctuations. The majority of the Company's financial assets and financial liabilities are either denominated in local currency (Rial Omani) or in US Dollars, with which Rial Omani is pegged. Hence the management believes that there would not be a material impact on the profitability if foreign currencies weakens or strengthens against the Rial Omani with all other variables held constant.

c) Diminishing realization in Export Markets

- The implementation of countervailing duties clubbed with increased freight cost across export markets has affected company's realization and overall business.

d) Market disruption due to price increase or aggressive pricing by competition.

- To address the rising costs of raw materials and packaging, the Company has implemented strategic price adjustments. However, given the intense competition from established industry leaders, promotional pricing strategies have been carefully tailored to align with the specific dynamics and requirements of each market.

IV. Financial and Operational Performance

a) Gross Margin

- The gross profit was higher as compared to the previous year due to a sustained effort in improving our product mix towards a better profit delivery.

b) Overheads

- Overheads have been regularly monitored and kept under control. There is annual increase in the rates of utilities and manpower of around 3% which has been offset by implementing cost saving initiatives.

Risks and Concerns

The key business risks and concerns are as follows:

- Impact on export business owing to implementation of custom duties, volatility of FOREX
- Fluctuation in raw and packing material prices had significant impact on the performance of the company.
- Supply chain disturbances across the region are impacting the overall RM stock in hand and FG transit time to various markets.
- Interest rates in the market are fluctuating and it will be a matter of concern.

I. Internal Control Systems, their Adequacy and FSA Compliance

The company has in place adequate control and systems commensurate with size of its business and operations.

Your company is committed to institutionalize the principles of Good Corporate Governance within the company in line with the guidelines issued by the Financial Services Authority. Consequently, the company has developed organizational manuals covering the areas of Authority Structure, Procurement Policies and Procedures, Personnel Policies and Procedures, Corporate Governance and Accounting in compliance with FSA circular decision No.04/2002 of Dec 2002 and No E/4/2015 dated July 2015 and time to time.

II. Corporate Social Responsibility

The company regularly contributes to society by way of free distribution of its products as a part of CSR, Total market value of these distributed products is Rial Omani 13,020/-

The Company has also employed six handicapped persons in the company.

III. Outlook for the financial year 2025-26

The outlook for 2025-26 looks encouraging and we are optimistic about delivering growth with the support of newly launched products. The goal of the company is to deliver a profitable growth over last year and the management is striving for the same.