

Management Discussion and Analysis

This discussion covers the financial results and other developments for the year ended March 31, 2024, for our consolidated business, encompassing both domestic and international operations. The consolidated entity is referred to as 'LT Foods' or 'Group' or 'Company' in this discussion. Some statements herein that describe projections, estimates, expectations, or outlook may be forward-looking. Actual results may, however, differ materially from those stated, due to various factors such as changes in government regulations, tax regimes, economic developments, exchange rate and interest rate movements, among other macroeconomic factors, competitive environment, and product demand and supply constraints within India and the countries where the group operates.



Economic Scenario

Global

In FY2023, the global economy navigated a challenging environment marked by inflationary pressures, rising interest rates, and geopolitical tensions, yet displayed surprising resilience. By FY2024, this resilience was further highlighted as global real GDP grew in 2022 by 6.7% over 2023, surpassing forecasts by 0.8 percentage points. Despite the backdrop of rising interest rates aimed at restoring price stability, headline inflation in advanced economies fell from a peak of 9.5% in Q2 2022 to 2.3% in Q4 2023, while inflation in emerging markets declined from 13.7% to 9.9%. Economic activity was bolstered by strong employment growth and higher-than-expected government spending, with households in advanced economies maintaining spending levels by drawing on pandemic-era savings. The fiscal stance became more expansionary, adding 2% of GDP in the US and 0.2% in the euro area, while China's fiscal policy remained slightly tighter. Additionally, an expanding labor force supported economic activity and disinflation efforts across both advanced and large emerging market economies.

Looking ahead, the baseline forecast for the world economy is at 3.2% in both 2024 and 2025. Advanced economies are expected to see a slight uptick in growth, from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. Conversely, growth in emerging market and developing economies is anticipated to slow modestly, from 4.3% in 2023 to 4.2% in 2024 and 2025. Global inflation is expected to steadily decline from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies likely reaching their inflation targets sooner than emerging markets and developing economies. Core inflation is projected to decline more gradually, reflecting a cautious optimism about the future



India

In FY23, the Indian economy witnessed transformative events that set a new trajectory for growth and development. The nation exhibited robust performance with GDP growth estimated at 7%, fuelled by a rebound in consumption, heightened private investment, and significant government spending on infrastructure. This momentum is expected to continue in FY24, with a projected growth rate of 8.2%, reflecting a slight moderation but still demonstrating strong economic health.

Inflation, however, remained a major concern, averaging around 6.7% due to surging food and fuel prices. The Reserve Bank of India (RBI) took decisive actions, raising the repo rate to control inflation. As supply chain disruptions ease and commodity prices stabilize, inflation is projected to decline to 5.3% in FY24, with the RBI maintaining a cautious monetary policy stance to ensure stability.

The Union Budget 2023-24 highlighted the government's commitment to infrastructure development, the digital economy, and inclusive growth, allocating substantial resources to roads, railways, healthcare, and education. Export performance reached record highs, despite a widening

trade deficit driven by increased import costs. The Production Linked Incentive (PLI) scheme's expansion to more sectors bolstered domestic manufacturing and job creation. Global geopolitical tensions, notably the Russia-Ukraine conflict, impacted supply chains and commodity prices, influencing inflation and trade balances.

Post-pandemic recovery was driven by increased consumer spending and investment, supported by government initiatives. In FY24, the Union Budget emphasized infrastructure, the digital economy, and green energy, with major investments in renewable projects. The RBI maintained a cautious monetary policy to manage inflation, while the introduction of the digital rupee aimed to enhance payment system efficiency.

Geopolitical challenges prompted India to diversify trade partners and strengthen domestic supply chains. Significant investments in renewable energy, electric vehicles, and sustainable practices were announced, alongside ongoing economic reforms to improve business ease and attract foreign investment, reflecting a commitment to sustained growth and resilience.



USA

In FY23, the U.S. economy faced significant challenges, including aggressive interest rate hikes by the Federal Reserve to combat decades-high inflation driven by supply chain disruptions, high energy prices, and strong consumer demand. Despite these pressures, the labor market remained strong, with unemployment rates around 3.6%. Fiscal support through infrastructure investments and social safety nets helped stabilize the economy, although supply chain issues and geopolitical tensions, such as the Russia-Ukraine conflict, affected goods availability and prices.

Looking ahead to FY24, the IMF projects a moderate U.S. economic growth of 1.7%, as the effects of monetary tightening are expected to dampen consumer spending and business investment. Inflation is forecasted to ease gradually, with headline inflation declining from 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025. The labor market is expected to remain robust, though job creation may slow. Fiscal policy will likely shift towards reducing the fiscal deficit and managing public debt. The long-term outlook suggests a gradual return to sustainable growth, supported by ongoing investments in infrastructure, green energy, and the exploration of a central bank digital currency (CBDC) to modernize the financial system.



Europe

In FY23, the European Union (EU) experienced a challenging yet resilient economic environment, with GDP growth estimated at 3.5%, driven by strong consumer spending, robust exports, and substantial fiscal support. However, inflation surged due to the Russia-Ukraine conflict, with headline inflation averaging 8.5%. The European Central Bank (ECB) responded by raising interest rates to stabilize prices. Despite these challenges, unemployment fell to a historic low of 6.8%, and the EU made significant investments in green energy.

Looking ahead to FY24, EU economic growth is expected to moderate to 2.1%, as the effects of monetary tightening temper consumer spending and business investment. Inflation is projected to ease to 6.2% as energy prices stabilize. Fiscal policies will likely focus on reducing deficits and managing public debt, while the labor market is expected to remain strong, though with slower job creation. The EU will continue investing in green energy, digital transformation, and energy security, with the digital euro initiative advancing to enhance financial system resilience. Overall, the EU is set to navigate a period of moderated growth and declining inflation, with policies centered on stability, sustainability, and resilience.



Middle east

In FY23, the Middle East economy showed resilience with a robust GDP growth of 5.2%, driven by high oil prices, strong exports, and ongoing government infrastructure spending. Key players like Saudi Arabia and the UAE benefited from increased oil revenues, which bolstered fiscal balances and enabled significant public investments. However, inflation averaged 7% due to global supply chain disruptions and elevated energy prices. The labor market saw mixed results, with some countries experiencing high unemployment, while others improved due to economic reforms and diversification efforts. Green energy initiatives also advanced, with substantial investments in renewables.

Looking ahead to FY24, the region's economic growth is expected to moderate to 3.8% due to the impact of global monetary tightening on consumer spending and investment. Inflation is projected to ease to 6% as global commodity prices stabilize. Fiscal policies will likely focus on deficit reduction and managing public debt while supporting strategic investments in infrastructure and diversification. Geopolitical tensions and the need to reduce oil dependence will shape economic strategies, with continued investments in renewable energy and technology sectors. Overall, the Middle East is poised for moderated growth and declining inflation, with a focus on stability, sustainability, and diversification for long-term resilience.



FMCG Industry

In FY23, the global FMCG industry, particularly the food and consumer staples segments, demonstrated notable adaptability amid economic challenges. The industry experienced moderate growth of around 4-5%, fuelled by strong consumer demand, innovation, and the expansion of online shopping. Despite high inflation, supply chain disruptions, and geopolitical tensions such as the Russia-Ukraine conflict, companies managed to sustain growth through strategic pricing, effective cost management, and an emphasis on value-added products.

The food segment thrived on sustained demand for essential items, with a significant rise in sales of ready-to-eat and ready-to-cook products driven by changing consumer lifestyles and a growing preference for convenience. Health and wellness products saw increased consumer interest, prompting companies to innovate and expand their offerings in this category, including organic and plant-based products.

Looking ahead to FY24, the industry is expected to maintain its growth trajectory, though at a slightly slower pace of around 3-4%. Inflationary pressures are projected to ease gradually, with stabilizing commodity prices and improving supply chain conditions. However, the residual effects of high inflation in 2023 and ongoing geopolitical uncertainties may temper growth. The food segment is anticipated to continue its momentum, with a focus on convenience, health, and sustainability. Companies will likely leverage technology to enhance product offerings and improve supply chain efficiencies.

Consumer staples are expected to remain stable with steady demand across global markets. The emphasis will be on enhancing the consumer experience through digital channels, personalized marketing, and sustainability initiatives. The industry's ability

to adapt to changing consumer preferences and economic conditions will be critical in navigating challenges and capitalizing on growth opportunities in the coming year.

Overall, the FMCG industry's performance in FY23 and FY24 highlights its capacity to navigate economic challenges through innovation, strong consumer demand, and strategic market positioning.

Key Opportunities and Trends Shaping the FMCG Industry

The FMCG sector has been undergoing significant transformation with the emergence of several key changes that are taking place in the world around us.

Below are some of the key trends witnessed over the last few years:

New consumer behaviour paradigm

Focus on Sustainability

We are witnessing a notable shift in consumer preferences altering fundamentally how individual interact with brands and make purchase decisions. Consumers are constantly seeking products that are environment friendly, ethically sourced.

Consumers are also becoming increasingly aware of the environmental and social impact of their brand choices, which is indirectly inducing brands to make sustainable choices. This includes a

preference for brands and products with natural/healthier ingredients, recyclable packaging, transparent disclosures on packaging labels, ethical claims, sustainable sourcing, among others.

Focus on Convenience

Consumers in their Brand choices and focus on their health and well-being. Furthermore, convenience, especially in urban segment, has become a key factor driving consumer choices. Factors like higher consumer awareness and exposure, shift towards an urban lifestyle, growing culture of nuclear families, a greater presence of women in the workforce, increased spending power, and lower availability of food preparation time have greatly supported the expansion of this category. Consumers want delicious food, yet they want it to be quick and easy.

We constantly endeavour to stay agile and understand these trends and turn them into opportunities that will enable us to deliver sustainable and competitively favourable results.

Evolving Distribution Channels and digital first consumer culture

The evolving distribution channel and digital-first consumer culture are profoundly impacting FMCG companies globally. As consumers increasingly prefer online shopping and digital interactions, FMCG companies are compelled to adapt



their strategies to meet these changing demands. This shift is driving companies to invest heavily in digital platforms, e-commerce capabilities, and data analytics to enhance customer experiences and engagement. By leveraging real-time insights and predictive analytics, FMCG companies can better understand consumer preferences and behaviour, allowing for more personalized marketing and product offerings. Additionally, the integration of smart technologies and automation

in supply chain and logistics is optimizing operations, reducing costs, and increasing efficiency. This digital transformation is not only enabling faster decision-making and improved agility but also fostering a culture of innovation and responsiveness. Overall, the digital-first consumer culture is pushing FMCG companies to be more consumer-centric, agile, and data-driven to maintain competitiveness and drive growth in a rapidly evolving market.

Strategic Overview

LT Foods Ltd. is a leading Indian-origin global FMCG company in the consumer food space and leads in the specialty rice and rice-based foods business for more than 70 years.

The company is committed to nurturing the goodness of food for people, the community and the planet. With nurturing goodness at the heart of everything we do, the



company delivers the finest quality and taste experiences in more than 80 countries: India, the U.S., the UK, Europe, the Middle East, the Far East and the Rest of the World.

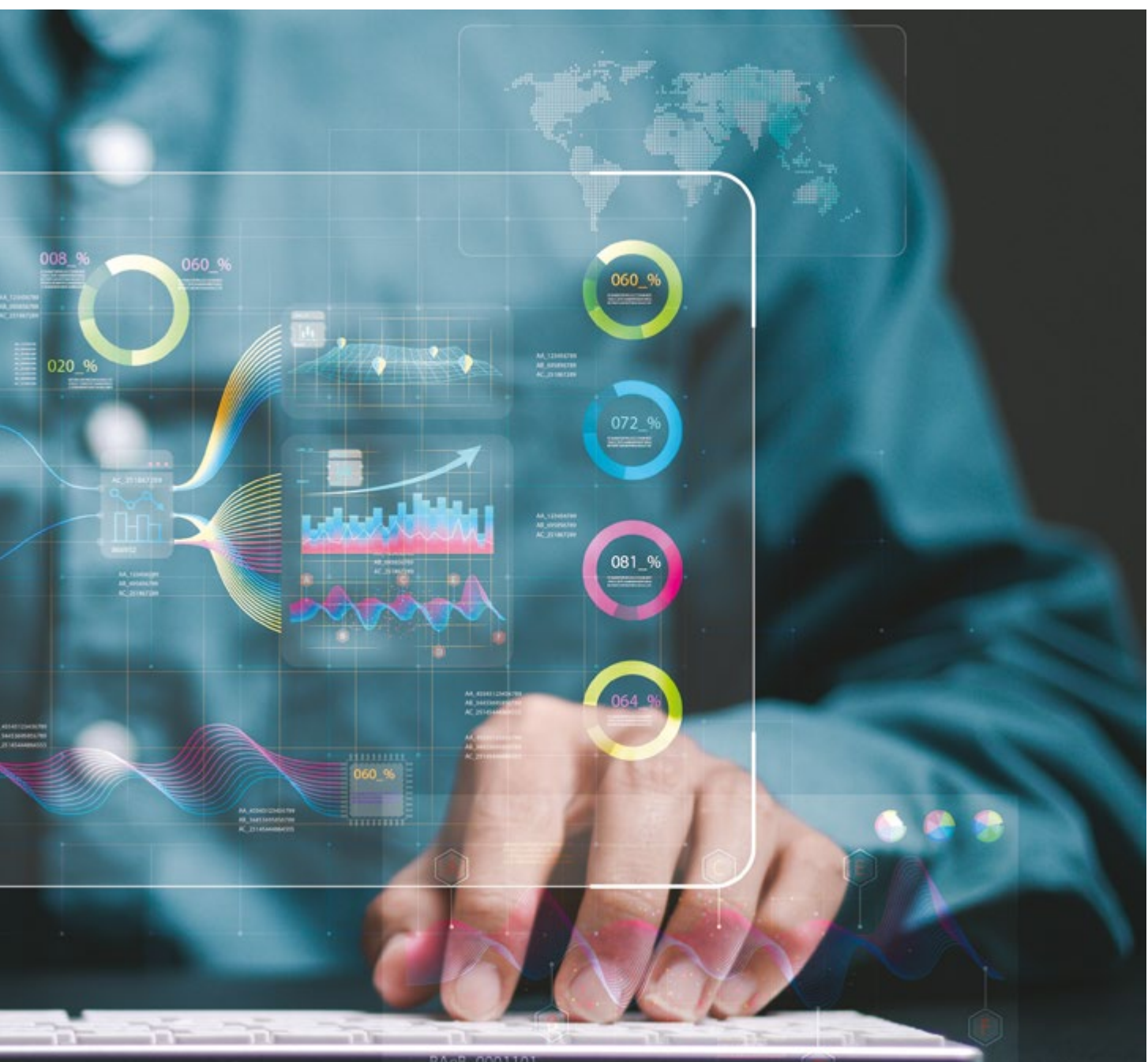
The company's flagship brands include 'DAAWAT®', one of India's most loved and consumed Basmati brand, 'Royal®', North America's No. 1 Basmati player and many more. The company is proudly expanding into the future food preferences of millennials by offering organic staples through the brand 'Ecolife'

in global markets and supplying organic food-ingredients to leading businesses.

Our Power Brands offer our greatest opportunity. We are not only prioritizing these brands by investing in marketing, R&D, and the development of digital capabilities and platforms, but also ensuring they resonate with consumers on multiple levels, becoming an integral part of their daily lives and giving them delightful culinary experience. Consequently, we are

dedicating more of our energy and resources on the below mentioned growth drivers.

As the world becomes more interconnected and the FMCG sector grows more competitive, the necessity for companies to differentiate their products continues to rise. Our strategy is intricately structured around these four essential foundations:





Strengthening the drivers of growth and profitability

Our strategy focuses on building market share in India and the Middle East, while strengthening our position in the US by continuing to grow ahead of the category and maintaining our 50% share of India's exports. Additionally, we aim to continue strengthening and expanding our market share in Europe, and we are committed to maintaining our absolute leadership in the Far East.

In addition to this, our strategy prioritizes profitable businesses with a focus on EBITDA growth. All business units are dedicated to premiumisation, leveraging operating scale and enhancing costs efficiency. Margin expansion remains a core deliverable, driving our efforts to achieve sustained financial performance and shareholder value.



Explore new opportunities

Our goal is to become a leading player in the FMCG industry by broadening our presence in existing categories and exploring new ones. We are leveraging both organic and inorganic strategies to capitalize on industry trends by acquiring new consumer and penetrating new markets. This involves launching products in adjacent categories and reallocating capital investments to markets and businesses with higher growth potential and the capacity to generate sustainable returns.



Adapting the Digital Era

We are continuously integrating digital technologies throughout our business to stay aligned with technological advancements, enhance functional capabilities, and drive efficiencies across the value chain. We are focused on understanding how content is consumed and how our communication can be "digital first" is crucial. Emerging technologies, such as AI, will significantly shape consumer experiences and customer service, enhancing personalization and efficiency. Consequently, motivators must be continually reassessed, and communication approaches need constant reshaping to remain relevant and engaging in this dynamic landscape.



Growing responsibly

Our sustainability strategy focuses on implementing eco-friendly processes and materials throughout our production and supply chains to minimize our carbon footprint. We are dedicated to optimizing resources by reducing waste and improving the use of water, energy, and raw materials. Through product innovation, we aim to develop high-quality, sustainable products that are recyclable, biodegradable, or energy-efficient. We actively engage with consumers, employees, suppliers, and communities to raise awareness about sustainability issues and promote responsible behaviours. Additionally, we ensure transparent reporting on our sustainability efforts and progress, underscoring our commitment to accountability and continuous improvement.

3. Performance review

In FY24, LT foods limited have posted a consolidated revenue of 7,822 crores, up 12.1% from the previous year. The underlying volume growth was 10.2%. The business delivered an operating profit of 988 crores, with a robust year-on-year growth of 33%. The operating margin stood at 12.6% and expanded by 190 bps as compared to 10.7% in the last year. Reported consolidated net profit after tax was at 598 crores, up 41% as compared to last year.

Basmati and specialty rice business

Our basmati and speciality rice business which comprises of our Basmati rice, Jasmine rice and regional rice registered a revenue of 6,608 crores with a year on year growth of 17% in revenue and volume up by 9% as compared to last year. Our basmati and specialty rice has delivered a CAGR of 19% in last 4 years and has tremendous potential for growth. We continued to power our brands while driving premiumisation, expanding distribution network and fostering alternate channels for growth.

We are not only prioritising these brands for investment – whether in marketing support, R&D or in the building of digital capabilities and platforms – but also in ensuring they appeal to consumers across multiple dimensions, making them a part of their everyday lives. We are dedicated to innovating and distributing products that deliver exceptional consumer experiences.

India business (31% of total business)

India business posted a growth of 12% in total revenue as compared to last year with a volume growth of 6%. The growth was powered by a very healthy performance by our flagship brand DAAWAT® (distribution expansion and increased share of premium products) and the brand maintained its dominant position in the India market with brand share increasing by 350 bps since FY21. We have 30%+ market share in India.

Today, our brand DAAWAT® is synonymous with the category. Our premium range has grown by 25% as compared to last year with a high single digit growth in realizations as well. Our regional rice portfolio which comprises of DAAWAT® Sona Masoori rice, DAAWAT® Kolam, DAAWAT® Govind bhog has been scaling aggressively and has registered a 50% growth as compared to last year. The brand has continued its innovation journey with the launch of immuno red rice in our Health portfolio. The brand is focused on catering to the ever evolving need of the consumers.

CHEF SECRETZ, our brand catering to Hotels, Restaurants & Catering industry has continued to accelerate rapidly and has doubled since FY22.

The creation of DAAWAT® World Biryani Day has helped the company's DAAWAT® brand foster a strong connect with its consumers / customers. By celebrating the shared love for Biryani, which cuts across regional and linguistic boundaries, the DAAWAT® World Biryani Day aims at equity building and consumer loyalty, ultimately contributing to the company's overall objective of premiumisation.

The brand will sustain its drive to enhance market presence and increase consumer penetration by:

- Thematic TV presence along with a strong digital presence to build relevance and accelerate adoption across channels
- Maintaining an optimal Relative Price Index (RPI) vis-à-vis competing unbranded basmati rice while maintaining a sustainable balance between pricing and profitability
- Driving E-com offtakes through performance marketing and last mile conversion in Modern Trade (MT) & General Trade (GT) through in-store initiatives

Sales and Distribution

Over the years, LT foods have continuously invested in the quality, depth and width of its Sales and distribution network. The distribution of our products in India is facilitated through network of 1300+ distributors and over 1,50,000 retailers. Presently, we cover 1500+ towns in India which have grown from 1100 towns since FY22. Through its data driven decision making, well defined market strategy, partnerships and a consumer centric approach, the company effectively reaches and serves a wide array of consumers, ensuring sustained growth and profitability.

This consistent focus on our distribution has helped us make DAAWAT® one of the fastest growing brands in its category and reach more than 50 Lakhs households in India.

In FY24, the general trade witnessed a high single digit growth while the emerging alternate channels of Modern trade and e commerce registered a double digit growth in value terms.

For modern trade and e commerce company continued to deliver consistent and healthy growth owing to strong partnership, focused strategy and superior in store merchandising. The share of, modern trade and e commerce contributes around 25% of the total business in India.

We have strategically restructured our route to market strategy based on the theory of constraints approach which is driving availability of our product at arm's length. The company employs a multi-dimensional approach to its sales and distribution network, ensuring comprehensive market coverage, operational efficiency, strong brand recall and superior consumer satisfaction.

This approach integrates various channels, technologies, and



strategies to create a seamless and effective network.

For our traditional channel, the approach is aimed at continuous strengthening of market presence and extending reach to maximize potential outlets, facilitating greater accessibility for consumers. The company has been able to expand its outlet reach 1.5 lakhs, up by 55% since last year. With an improved market reach and expanded product range, we have witnessed a notable increase in market share and the number of households served, according to AC Neilson & Kantar.

For our emerging channels, the sustained focus on has helped the DAAWAT® brand achieve a market share of 37.3% in Modern Trade (an increase of 1.6% over last year). In line with the company's culture of swiftly adapting to changes in consumer trends, the company fully embraced the e-commerce wave by capturing a market share above 45% in three of the six major e-commerce platforms.

USA (39% of total Business)

The USA market remains a critical contributor to LT Foods' revenue, driven by expanding product portfolios, including Jasmine rice, Arborio rice, and specialty rice varieties. The USA business reported robust revenue growth, supported by strategic pricing and increased demand for premium and

organic products with a 17% y-o-y growth in revenue.

Our brand Royal®, which is our packaged basmati rice brand has continued to be the market leader with 50%+ overall market share. Royal® holds close to 90% market share in the 20lbs category, 40%+ market share in 10lb category and 34%+ market share in the 5lb category.

The performance in the USA was further bolstered by consumer trends favouring diverse cuisines and convenient food options. The ethnic foods segment, led by Asian cuisines, has seen increased consumption, with 53% of U.S. consumers reporting higher ethnic food intake than two years ago. This trend aligns well with the company's product offerings, including the ready-to-heat category, which grew by 15% year-over-year.

The company focused on brand strengthening through digital marketing, in-store promotions, and strategic partnerships. Innovation and product development led to the introduction of Ready-to-Heat rice products, catering to the convenience food segment. The distribution network expanded across retail channels, including mainstream supermarkets, ethnic stores, and online platforms.

LT Foods aims to further solidify its market position in the USA by:

- **Expanding Product Range:** Introducing more value-added products to cater to health-conscious and convenience-seeking consumers.
- **Enhancing Distribution Capabilities:** Leveraging technology to optimize supply chain operations and improve market reach. The company's strategic focus on expanding distribution has paid off, with plans to target an additional 6,000 new points of distribution in FY2025.
- **Sustainable Growth:** Continuing to focus on sustainability initiatives to meet the growing consumer demand for responsibly sourced products.

While strengthening the core portfolio, the Company has also made strategic investments in adjacent newer categories. The Company acquired a leading Jasmine rice brand 'Golden star' in FY23 to leverage its strong distribution capabilities and an in-depth understanding of the US specialty rice market. In FY24, Golden star clocked a revenue of ₹655 crore with a growth of 57% as compared to last year.





Europe (20% of total Business)

To enable focussed growth across the entire European continent, the Company has decided to have two dedicated operating entities, one in Rotterdam, Netherlands to service the EU market and the other one in Harlow, United Kingdom to service the UK market.

LT Foods set up local presence in Rotterdam, Netherlands in 2017 and has since grown its business commanding more than 22% volume share of basmati rice in Continental Europe. The Company has ambitious plans to grow its business across the rice sector both in EU & the UK.

As part of its long-term plan, the Company expanded its footprint in Europe in 2023-24 by setting up a manufacturing facility in the UK. The Company has secured a site in Harlow, Essex on a long-term lease arrangement for rice processing, packing and intermediate storage. A local facility in the UK enhances our cost competitiveness and enables just-in-time service delivery to UK customers. The site has since been commissioned in July 2024 and initial capacity filled up by securing business from four of the leading UK Supermarkets.

In 2023-24, LT Foods faced a challenging business environment in this region. In this backdrop, LT Foods Europe strengthened its foothold in the European market and achieved revenue growth of 15% in 2023-24. At the same time, the Company achieved significant improvement in its bottom-line performance and more than doubled its EBITDA versus previous year. The Company increased its customer penetration and secured new listings and additional distribution points with leading European retailers. The company widened its gross profit margin through a combination of customer price increase and

backend efficiencies. As part of its growth strategy, the Company continued to expand its business beyond basmati rice.

LT Foods is committed to building a strong branded business in Europe over the long run. Its branded business was strengthened through focus on product range, distribution and brand awareness. The Company ran brand awareness campaigns using television, radio, digital & outdoor media targeting the South-East Asian diaspora across Europe. To establish a deeper relationship with its target consumers, DAAWAT® sponsored local community events in select geographies. Total branded business grew by 10% overall. DAAWAT® Extra Long Basmati is now well-established as the leading brand within the South-East Asian diaspora in Europe. As part of its strategy to widen its brand portfolio to include regional Indian rice varieties, the Company built on the successful launch of DAAWAT® Sona Masoori and has developed plan to launch DAAWAT® Ponni rice in 2024. DAAWAT® Biryani kits were launched in the Netherlands and initial listings were secured with Picnic & Jumbo. Once these initial listings are proven successful, the plan is to expand the range across other retailers in Netherlands and other geographies in Europe.



Middle East and Rest of the World (7% total Business)

The Middle east registered a tremendous growth of 40% as compared to last year. The growth has been delivered by strategic focus markets UAE and Iraq driven by PLI investments along with growth in smaller markets like Yemen, Qatar and Libya. We have witnessed market share growth in high-consumption markets such as UAE and Iraq. Our brand DAAWAT® has 7%+ market share in the premium basmati rice segment and 4%+ share in the overall category.

The Middle East market presents a substantial growth opportunity for Basmati rice, driven by a combination of demographic, economic, and consumer trends. With a population of approximately 280 million and a significant portion of India's Basmati rice exports—around 75% or 3.5 million tons annually—already directed to the region, the demand is robust. Countries such as Saudi Arabia, Iran, Iraq, UAE, and Kuwait are key importers, with increasing growth rates seen in the UAE (+93%), Iraq (+258%), and Kuwait (+30%) between 2021 and 2023. The region's high GDP per capita, especially in



nations like Qatar, UAE, and Saudi Arabia, underscores the potential for premium Basmati products. Additionally, the Middle Eastern consumer base is becoming more sophisticated, health-conscious, and digitally engaged, with a growing preference for sustainable and transparent products. Our strategic initiatives in brand building, targeted marketing, and leveraging partnerships like the one with SALIC in Saudi Arabia, aim to accelerate our market presence and achieve exponential growth.

Our business backbone strategy includes enhancing our direct reach in retail channels, creating competitive superiority in key account management, and building HORECA (hotel, restaurant, and café) focused capabilities. We are focused on expanding market reach by driving growth in the premium segment through building awareness through various initiatives:

- Drive growth in premium segment by building awareness around DAAWAT® brand positioning “Select & See the difference” (Chunoge to fark dikhega) & withstand that across media key touch points
- Induce trial through diverse manners to drive Households penetration and capitalize on persuasive communication vehicles to drive it further.
- Drive growth in the mid-segment through competitive pricing and brand renovation.

By sustaining compelling brand storytelling, engaging in platform-first/contextual communication, and utilizing influencer marketing to seed user-generated content, we plan to entrench our brand image and achieve significant growth in the Middle East market.

Rest of the World comprising Far East, Africa, Pacific Islands and Indian Ocean Islands, also saw a good double digit growth and strengthening of our market share in our key markets.

Organic food and ingredient business (10% of our total business)

Our organic food and ingredients business witnessed a de-growth of 8% as compared to last year due to anti-dumping duty on soymeal which accounted for 25% of our total business. Our organic basmati and non-basmati rice, which accounts for 60% of total business grew by 20% as compared to last year. We also benefited from increased demand for organic pulses and organic flaxseeds.

This unprecedented event has necessitated a shift in our strategy with more focus on risk diversification:

- We have set-up a manufacturing facility in Uganda to mitigate the potential impact from levy of anti-dumping duty on the soymeal.
- We have started to import products from Turkey, Egypt, Uganda, South America which includes Brazil, Costa Rica, Cambodia, Thailand.

- The new strategy also encompasses the introduction of additional product offerings and the exploration of new geographical markets.

New business and innovation (3% of total business)

Our food business, encompassing ready-to-eat, ready-to-heat and staple products, has seen an impressive 23% growth compared to the previous year, achieving a six-fold increase over four years.

As an organisation, we acknowledge following trends (a) Higher share of young population in India, about 600Mn people age between 18 to 35 years, (source: PEW Research), (b) There is India, outside India i.e. Indians are amongst the highest migrating population, and (c) Indian cuisine gaining popularity globally

We recognised that these trends provide an opportunity to build Value added food portfolio beyond dry ingredients through innovation based on the following three platforms

- (1) convenient to cook in Kitchen to minimise efforts for home chef (popularly known as Ready to Cook segment) – we call it “Culinary Adventure”, and
- (2) ready to eat in minutes’ snack or snack meals (popularly known as Ready to Eat / Snacking segment) – we call it “Anytime Rice Snack meal”.
- (3) ready to heat meals to provide ultimate convenience to our global consumers - we call it “Anytime Meals”.

In India consumption behaviour is being driven by the higher share of young population. There are about 600Mn people age between 18 to 35 years, (source: PEW Research).

Two strong trends, (1) Increasing participation of women in the workforce and (2) limited involvement of Gen Z and Millennials in Kitchen, creates more opportunity for our innovation portfolio under the culinary



adventure i.e. Ready to Cook and Anytime Snacking platforms. Our launches like DAAWAT Cuppa Rice and Kari Kari came from these understandings. DAAWAT Biryani Kit launched recently is receiving good consumer acceptance as it addresses the trend of limited involvement in kitchen and therefore the need for simpler solutions to complex recipes. This has been strong entry in the culinary adventure platform.

The trends of Indians migrating and carrying their cuisine with them and growth of Indian cuisine's popularity amongst global consumers is not only driving our core business growth, but is also providing unique opportunities for our innovation based portfolio. The success of the Royal Heat and Eat microwave rice under Anytime Meal platform is a testimony to this.

Rice, as a Global grain or staple, and celebrated with various cuisine with strong connection to the local cultures. Rice & Spice, unusual melange, when combined together creates magical food – be it simple dish like Dal Chawal, Fried Rice or Spanish Rice or gourmet experiences like Biryani, Pilaf, Jasmine Rice with Thai Curry, Risottos. These wonderful recipes celebrate traditional flavours while appealing to taste of people across globe. We have been investing over years in R&D, People and Infrastructure to pursue this as a path of innovation based on strong consumer insights. We follow robust stage gate process to decode consumer insights or ideas into solutions which addresses evolving consumer needs.

We believe our investment behind Innovation would give us several benefits in medium to long term including (a) Differentiated strength over competition, (b) make our brands more global and also (c) keep our brands relevant to new age consumers (Millennials, Gen Z etc.). We have started seeing acceleration in acquiring of new Households through new product portfolio.

In our pursuit of innovation, we are also making collaboration or setting up new ventures with Global partners/experts. We have set up Joint Venture with Kameda Seika, Japan's number 1 Rice Cracker and snacking business to launch Kari Kari Rice Crackers, as better snacking alternate to fried snacks. Under "Kari Kari" brand we are building this business for growth under "Anytime Rice Snack meal" platform.

In addition, we are also building select staple range under Devaaya brand, this will complement our Go To Market and Distribution strategy to expand reach of our core product portfolio with distribution efficiencies and to drive significant business growth.

We are taking our innovation product portfolio to different channels within in India and other parts of the world leveraging our robust distribution network and strong customer relationship. Our products Biryani Kit (under culinary adventure platform), Cuppa Rice and Kari Kari (under Anytime Rice snack meal) are available in leading channels in India like E-Commerce/Q-Commerce, National Modern Retail chains and select General Trade

outlets in select cities. Similarly, we are gradually expanding their footprint across the globe, these products are available in select retail channels in US, Middle East, Australia, UK and Europe. In US also the sales of RTH products have also doubled during the year. We have also launched Royal® Cuppa Rice and Royal® Biryani Kit at the existing distribution network. We are continuously investing in marketing and sales & distribution to accelerate further growth of this business segment.

Ultimately, our strategy is to harness the soulful depth of rice to create meaningful and unforgettable culinary experiences. We aspire to inspire and connect with our customers on a deeper level, addressing their needs and keeping our brand relevant in the ever-evolving market.

Overview of Consolidated Financial Results

In FY24, LT foods limited have posted a consolidated revenue of 7,822 crores, up 12.1% from the previous year. The underlying volume growth was 9%. The business delivered an operating profit of 988 crores, with a robust year-on-year growth of 33%. The operating margin stood at 12.6% and expanded by 190 bps as compared to 10.7% in the last year. Reported consolidated net profit after tax was at 598 crores, up 41% as compared to last year. The basmati and speciality business comprises 84.4% of the total revenue, Organic foods and ingredients business is 9.3% of the total revenue and Convenience and Health is 2.6% of our total revenue.

Standalone financial performance

Particulars	FY2023-24	FY2022-23
Revenue	4,049	3,951
Gross profit	837	931
EBITDA	269	264
EBIT	230	235
PBT	211	211
PAT	160	160
EPS	4.60	4.98

Consolidated financial performance

Particulars	FY2023-24	FY2022-23
Revenue	7,822	6,979
Gross profit	2,544	2,401
EBITDA	988	744
EBIT	835	617
PBT	752	535
PAT	598	423
EPS	17.09	12.50

Key Ratios (Consolidated)

Particulars	FY2023-24	FU2022-23
Debtor no of days	32	35
Inventory turnover	242	245
Interest coverage	10.0	7.5
Current ratio (in times)	2.1	2.0
Debt Equity Ratio (in times)	0.2	0.3
Net operating margin (in %)	7.6	6.1
Operating profit Margin (in %)	12.6	10.7
Return on Net Worth (in %)	19.2	18.4

Future outlook

LT Foods is poised for a promising future, underpinned by its strategic focus on sustainable growth, innovation, and market expansion. The company is set to capitalize on the increasing global demand for specialty and organic food products by deepening its presence in established markets like India, the U.S., and Europe, while expanding into high-growth regions such as the Middle East and Far East. Innovation remains central to its growth strategy, with plans to diversify its product portfolio through the introduction of value-added, health-focused, and organic products under the 'Ecolife' brand, as well as new offerings in the ready-to-eat and ready-to-cook segments.

We are pursuing a target 5-Year revenue CAGR of 10-12% we will also continue to grow our core Basmati business by investing more on brands and expanding our distribution reach with Revised Route to Market and product portfolio expansion by leveraging the brand equity and the existing distribution network. We will also further solidify our presence in existing regions and expand our reach in new geographical areas. Further, we will focus on new products in the Ready-to-Eat, Ready-to-Cook and Rice-based snacks segments. We aim to increase our 5-Year EBITDA margin by 140-150 basis points (bps). We will implement measures that lead to a change in product mix, optimise efficiencies across

the value chain, and capitalise on economies of scale.

To enable the growth journey, LT Foods has also initiated digital transformation. LT Foods is enhancing its operational efficiency and consumer engagement by integrating advanced technologies like AI and data analytics, adopting a "digital first" approach to communication, and optimizing its supply chain. Sustainability continues to be a core commitment, with the company prioritizing eco-friendly practices, resource efficiency, and the development of sustainable products to maintain consumer and stakeholder trust. Financially, LT Foods is focused on driving profitable growth through premiumisation, cost management, and strategic capital allocation, all aimed at enhancing margins and delivering long-term shareholder value. With these strategic initiatives, LT Foods is well-positioned to maintain its leadership in the global consumer food.

Human Resources

Our human resource strategy is designed to attract, develop, and retain top talent, ensuring our workforce is aligned with our strategic goals and capable of driving our business forward. We employ a rigorous recruitment process to identify and attract highly skilled professionals who fit our company culture, leveraging digital tools to ensure a diverse and inclusive hiring process. Committed to continuous learning

and professional growth, we offer comprehensive training programs, leadership development initiatives, and career advancement opportunities to enhance our employees' skills and competencies. We have a well-designed competency framework that supports these efforts, ensuring our employees have the necessary skills to succeed. To maintain high levels of engagement, we create a positive and collaborative work environment, provide competitive compensation packages, robust benefits programs, and prioritize work-life balance with flexible working arrangements. Our diversity and inclusion initiatives foster an inclusive workplace where every employee feels valued and empowered, promoting equal opportunities and eliminating biases. Our performance management system aligns individual goals with organizational objectives through regular reviews and constructive feedback. We also prioritize the health and safety of our employees by maintaining stringent safety standards, offering regular training, and supporting their well-being through health and wellness programs. By implementing these strategies, we aim to build a motivated, skilled, and resilient workforce that can drive our company's growth and success in the competitive FMCG sector.



Information Technology and Digital

Our digital transformation strategy at LT Foods is aimed at building a smart and intelligent enterprise capable of driving 1.5X to 2X business value. This transformation encompasses multiple facets, including people, process, culture, leadership, and technology. We are focused on enhancing the stakeholder experience, optimizing costs, increasing productivity, and ensuring greater transparency and compliance. By leveraging advanced technologies such as AI, ML, IoT, and block chain, we aim to enable fast decision-making, improve sustainability, and strengthen our brand value and market position. A key focus of our strategy is enhancing consumer experience by delivering superior product quality, personalized offerings, and seamless interactions across all touchpoints. Our operational focus is on achieving higher digital maturity through real-time visibility, interactive dashboards, functional integration, and predictive analytics.

The expected business benefits of our procurement transformation include 1-3% cost optimization and savings, a 25-30% improvement in productivity, and 35-40% faster decision-making capabilities. By

leveraging digital platforms such as the Mandi Portal, Agreeta App, SAC Analytics, and the QM App, we enhance our processes from paddy buying to payment, thereby increasing transparency and efficiency. With an annual paddy procurement of over 675,000 MT from more than 300 mandis and 375,000 farmers, and a total procurement spend exceeding 3,200 crores, our transformation initiatives are designed to drive significant value across the supply chain.

Strategically, we aim to enhance revenue growth, EBITDA, and balance sheet strength. With over 50 digital initiatives in finance, procurement, sales, production, and supply chain, we are committed to improving demand forecast accuracy, operational efficiency, and customer satisfaction while reducing costs and enhancing agility. This comprehensive approach ensures that we are well-prepared to thrive in a VUCA (volatile, uncertain, complex, ambiguous) world and deliver significant value to society.

Risk Management

Please refer page 24 of the Business Section for details on the Risks and Concerns pertaining to the business along with their mitigation plan.

ESG

The Company's value system prioritises giving back to society in various ways. It has integrated the ESG framework into its operating framework and has continuously made efforts to attain its ESG goals. The Company is dedicated to ethical sourcing and harvesting, as well as working to enhance farmers' quality of life by empowering them to adopt sustainable farming methods that protect the environment for future generations. The company promotes environmental stewardship by implementing well-thought-out and precise measures to reduce its carbon footprint, conserve water resources and minimise waste generation. LT Foods also emphasises social responsibility, striving to make a positive change within local communities through initiatives focused on education, healthcare and livelihood improvement. Across all its operations, the Company adheres to the highest standards of corporate governance, ensuring transparency, accountability and ethical conduct. By incorporating ESG into its operations, LT Foods stays true to its commitment to driving long-term sustainability and responsible business growth.



Opportunities

Our business presents numerous opportunities for growth and expansion.

- With rising global demand for premium and specialty rice varieties, there is significant potential to capture new markets, especially in regions like North America, Europe, and the Middle East, where the appreciation for ethnic and high-quality foods is increasing.
- Innovations in product development, such as ready-to-eat and ready-to-cook meal kits, can attract convenience-seeking consumers, particularly among millennials and Gen Z.
- Additionally, investing in sustainable farming practices and leveraging digital marketing can enhance brand value and appeal to environmentally conscious consumers.
- Exploring collaborations with culinary influencers and chefs can further elevate the brand's profile, while expanding distribution channels, including e-commerce platforms, ensures wider market reach.
- The emphasis on health benefits and the introduction of fortified or health-centric rice varieties can also tap into the growing health and wellness market.



Threats

Our business faces several threats that could impact its growth and profitability.

- Climate change and unpredictable weather patterns can affect crop yields and quality, posing significant risks to supply.
- Market volatility and fluctuations in commodity prices can lead to unstable profit margins.
- Additionally, stringent regulations and quality standards in international markets can create barriers to entry.
- Competition from other rice varieties and the rise of alternative grains can erode market share.
- Furthermore, geopolitical tensions and trade restrictions can disrupt export markets, impacting revenue streams.
- Finally, counterfeit products and adulteration issues can damage brand reputation and consumer trust.

Governance and audit

The Company is dedicated to upholding the highest standards of integrity, transparency and accountability to win the confidence of consumers, shareholders, employees, suppliers, distributors, the local community and other stakeholders. The Company is aware of the significance of maintaining a strong corporate governance model and consistent efforts are made to achieve this goal.

Internal control systems and their adequacy

Internal controls and procedures at LT Foods are well-established and in line with the scale and nature of the Company's operations. To ensure that established procedures are followed, the Company regularly conducts internal

audits of its operations, facilities and stockyards. Internal audit reports are examined by the Audit Committee which also evaluates the efficiency of the internal control systems. The Committee may then recommend to the Board of Directors that adjustments be made to the Company's internal controls, business procedures and management systems. Internal auditors may suggest changes for the Company's internal team to work on. The creation of annual internal audit plans is a joint effort between our internal auditors and the Audit Committee.

Cautionary Statement

Statements in this Management Discussion and Analysis report describing the Company's objectives, projections, estimates,

expectations, or predictions may be considered 'forward-looking statements' under applicable laws and regulations. These assertions are based on certain assumptions and projections of future events. Because the Company's operations are influenced by many external and internal factors beyond its control, actual results may differ materially from those expressed or implied. The Company makes no commitment to publicly amend, modify, or revise any forward-looking statements in light of subsequent developments, information or events. Readers should be aware that the risks described here are not exhaustive. Readers are encouraged to use their best judgement when assessing the risks associated with the Company.

