

# FROM THE DESK OF THE **CHAIRMAN**



**Mr. N. B. Godrej**  
(Chairman)

## **Dear Shareholders,**

I am pleased to present to you the Annual Report of your Company for the Financial Year 2017-18. This year was a landmark year in the history of the Company, as Godrej Agrovet went public through an IPO and was listed on the stock exchanges. The response to the public issue was very encouraging as our IPO was over-subscribed by 96 times. I extend my sincere gratitude for the trust shown by investors in the Company.

The Indian economy grew at 6.7% during 2017-18 and despite a lower growth rate than last year, India remains one of the fastest growing economies in the world. Higher private consumption and a pick-up in exports, especially during the second half of the financial year were key growth drivers. As we enter 2018-19, this growth momentum is expected to continue. In addition to consumption demand and higher exports, some revival can also be seen in private investment which will support growth. However, high oil prices could lead to higher than expected inflation which poses a risk to the strong economic growth.

In India, while the agriculture sector forms around 15% of the Gross Domestic Product (GDP), it provides employment and livelihood to more than half of India's population, especially in rural areas. Therefore, the sector is very important for economic development and has always received strong support from Government. This focus was also reflected in a number of measures announced by the Government in the last Union Budget to raise farm productivity. Further, the Government continues to take measures to double farm income by 2022. Estimates suggest that the Indian agriculture sector grew by 3.4% in 2017-18, though on a high base of the previous year. It was also the second consecutive year of a good southwest monsoon in India, with normal rainfall recorded in large parts of country which benefited the farmers. In fiscal year 2018-19, there is an expectation of a normal monsoon which augurs well for the sector.

Against this backdrop, Godrej Agrovet continued to deliver a steady performance in 2017-18. Sales increased by 6% and Profit Before Tax (excluding non-recurring and exceptional items) grew by 11% year on year. This was despite lower commodity prices and the implementation of GST, which adversely impacted revenues in a few of our businesses. Across all our business segments, there were many achievements. In our animal feed segment, volumes registered a growth of 7.4%. The successful introduction of new products (such as Billiards, Ovitan, Loxys and Oryzostar) helped crop protection business increase penetration both in the strategic crops and in new geographies. We have also increased the share of value-added products in our dairy portfolio.

Research and innovation have always been the bedrock of Godrej Agrovet. We have made significant investments to enhance our R&D capabilities over the years and believe that our emphasis on R&D has been critical to our success. We have R&D facilities in our three businesses - animal feed, crop protection and oil palm, which has enabled us to improve yields and process efficiencies across our products. Going forward also, we believe that our continued focus on R&D, innovation and excellence will be the key enablers to our growth.

Currently, the Indian agricultural value chain offers business opportunities to enhance productivity as practices are largely unorganised. The primary elements of our business strategy are to continue to grow our existing market share, leverage synergies between our businesses and opportunistically evaluate inorganic opportunities. In our animal feed segment, we want to focus on achieving cost leadership by improving operational efficiencies. In our crop protection business, we aim to continue to innovate and expand our product portfolio. Our strategy for the oil palm business is to increase our area coverage in certain regions and continue to focus on R&D to improve Fresh Fruit Bunch (FFB) yield. In the food businesses- dairy, poultry and processed foods, we are targeting to increase our reach and presence in key markets and increase salience of higher margin products in our product portfolio.

To conclude, 2017-18 was a good year for our business. As we look into the future, we remain confident of achieving our long-term objective of sustainable and profitable growth. The agricultural sector offers tremendous opportunities in the medium

to long term and we at Godrej Agrovet are well-placed to capitalise on these opportunities. With our clear strategic focus, prudent approach and superior execution, we will continue to deliver industry leading results in the future and create shareholder value.

I hereby place on record my sincere gratitude to all our stakeholders for their interest and faith in the Company. I also convey my deep appreciation to all our business partners, vendors and other business

associates for their support and contributions. I would also like to take this opportunity to thank all our employees for their contribution in the continued success of Godrej Agrovet.

Yours sincerely,

**Nadir Godrej**  
**Chairman, Godrej Agrovet Limited**



## **In the words of Mr. N. B. Godrej, Chairman .....**

*Agriculture has a dwindling share  
Of GDP but we should care  
Because half our population  
Depend on it for their salvation  
The incomes here are very low  
And doubling them's the goal, we know  
This is easier said than done  
How can this noble cause be won?  
Steady income round the year  
Will give our farmers greater cheer  
Crop incomes come end of season  
And therefore it would stand to reason  
There's rarely any cash on hand  
They often borrow or sell their land  
Now steady income is the need  
With animal husbandry they succeed  
We can come in with the feed  
And better feed's an urgent need  
We can also help them to succeed  
With a much superior breed  
Our R&D now comes to play  
We can show a better way  
With new technology we are ready  
Our progress will be very steady*

*A change of crop can also aid  
The field crops now are rather staid  
But horticulture has some zing  
And new solutions we can bring  
Our agri inputs help the yield  
In pasture, orchard or the field  
And as these benefits do flow  
The farmer's income will then grow  
Productivity can cause a glut  
Low prices are a problem but  
If farmer income is the goal,  
Here too we can play a role  
And what I say is no idle talk  
For we can go from farm to fork  
In dairy, chicken, processed food  
And now of course this can be viewed  
As helping their realisation  
An urgent need for our nation  
But then to go really far  
We can help with our CSR  
We can improve a watershed  
Our training helps them stay ahead  
Hand in hand we both progress  
Their misery can be made less  
We will make sure they survive  
As we progress they will thrive!  
It should be clearly understood  
We will do well by doing good!*

