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Date: November 12, 2025

To,
BSE Limited
P. J. Towers, Dalal Street,
Fort, Mumbai – 400001

Ref.: BSE Scrip Code No. “540743”

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400051

Ref.: “GODREJAGRO”

Dear Sir / Madam,

Sub.: Transcript of Conference call with Investors & Analysts held on Thursday, November 6, 2025 at 2.30 p.m. IST

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed herewith a transcript of Conference call of Godrej Agrovet Limited with the Investors and Analysts held on **Thursday, November 6, 2025 at 2.30 p.m. IST.**

The aforesaid information is also available on the website of the Company viz., www.godrejagrovvet.com.

Please take the same on your records.

Thanking you,

Yours faithfully,

For Godrej Agrovet Limited

Vivek Raizada
Head – Legal & Company Secretary & Compliance Officer
(ACS - 11787)





**“Godrej Agrovet Limited
Q2 FY'26 Earnings Conference Call”
November 06, 2025**



MANAGEMENT: MR. NADIR GODREJ – CHAIRMAN – GODREJ AGROVET LIMITED
MR. SUNIL KATARIA -- CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – GODREJ AGROVET LIMITED
MR. S. VARADARAJ -- CHIEF FINANCIAL OFFICER – GODREJ AGROVET LIMITED
MR. ARIJIT MUKHERJEE -- CHIEF OPERATING OFFICER -- ASTEC LIFE SCIENCES

MODERATOR: MR. NITESH DHOOT -- ANAND RATHI

Moderator: Ladies and gentlemen, good day, and welcome to the Godrej Agrovat Q2 FY '26 Earnings Call hosted by Anand Rathi. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitesh Dhoot from Anand Rathi. Thank you, and over to you, sir.

Nitesh Dhoot: Thank you, Sarthak. Good afternoon, everyone, and thank you for joining us on the Godrej Agrovat Q2 FY '26 Earnings Conference Call.

From the company, we have with us Mr. Nadir Godrej, Chairman; Mr. Sunil Kataria, Chief Executive Officer and Managing Director; Mr. S. Varadaraj, Chief Financial Officer; and Mr. Arijit Mukherjee, Chief Operating Officer, Astec LifeSciences. We would like to begin the call with brief opening remarks from the management, following which we'll open the forum for an interactive question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Nadir Godrej to make the initial remarks. Over to you, sir.

Nadir Godrej: Thank you. Good afternoon, everyone. I welcome you all to the Godrej Agrovat earnings call. Now I will comment on the business update for quarter 2 fiscal year '26. For quarter 2 fiscal year '26, revenues were INR2,567 crores, 5% year-on-year growth, while the PBT was flat at INR125 crores when compared with quarter 2 fiscal year '25 PBT, excluding nonrecurring items.

In half 1 fiscal year '26, Godrej Agrovat Limited reported consolidated revenues of INR5,182 crores, marking an 8% year-on-year growth. Profit before tax stood at INR313 crores, up 14% year-on-year, excluding nonrecurring items.

Coming to the financial and business highlights of each of our business segments. During quarter 2 fiscal year '26, Animal Feed delivered strong volume growth, led by 18% year-on-year growth in cattle feed, though revenue remained flat due to lower realizations on account of softening commodity prices.

Underlying margins improved by 70 basis points year-on-year. Vegetable oil posted stellar growth with revenue up 41% year-on-year and margins expanding to 22.4% driven by higher crude palm oil and palm kernel oil realizations and higher oil extraction ratio. Stand-alone Crop Protection segment faced a sharp revenue decline of 30% year-on-year and a 62% drop in segment results due to excessive rainfall and lower acreages compressing margins to 23.3% from 43.1%.

Astec LifeSciences saw revenue fall 25% year-on-year on cautious contract manufacturing demand, though the enterprise category grew 15% year-on-year and the EBITDA improved on better volumes and margins. Creamline Dairy remained broadly flat on revenue and EBITDA with value-added products growing 10% and salience rising to 36%, while EBITDA margins remained resilient despite higher milk procurement and marketing spends.

Godrej Foods Limited reported EBITDA growth of 28% year-on-year, driven by branded products even as overall revenue declined 7% year-on-year due to weakness in the Live Bird segment. Branded salience rose to 86%, reinforcing the strategic shift towards value-added offerings. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question comes from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen:

Thank you for the opportunity, very good afternoon, gentlemen. Two or three questions; firstly, on the Crop Protection segment, I think this is something that was stated earlier as well that the excess rainfall has caused damage in terms of the area covered. But just wanted to get your understanding on what H2 is shaping up. Can we actually see some reversal in these trends? Or do you see the rainfall impact extending over the next couple of quarters as well in terms of the stand-alone Crop Protection business? That is my first question.

Sunil Kataria:

Hi Probal, this is Sunil Kataria here. So very clearly, what we have seen in the quarter 2 has been a very, very uneven in both time as well as geography kind of a rainfall panning out. And that's definitely had a pretty strong negative impact on the quarter 2 performance of the Crop Protection business, and that's translating into the results that you're seeing.

So what has happened is because of this excessive rain, obviously the window for spraying opportunities of the Crop Protection products that got really narrowed down, and that's one thing which happened. Secondly, what we have also seen is that some of our in-licensed products like which are dependent on crops like chilli, etc. There has been a reduction in chilli acreage due to lower chilli prices this year over last year. So that's the second factor which got really impacted the second half second quarter numbers.

Now going forward, I would say it's a bit of a fingers crossed picture, which we would like to take a look forward. One is the unseasonal rains in October have had its own share of challenges because this does not set the ball very well rolling for some of the other crops that come into play in October.

So that is something which is right now not looking positive. But we are very hopeful that there are 2, 3 factors which are going to play out, hopefully. One is that we have made entry into --

we are diversifying our portfolio of Crop Protection, and which will pan out obviously over pan years.

But one thing which I would like to talk about what has happened is that we have made a very strong foray into maize, which is beyond cotton and chilli, which are the way the 2 primary segments of crops, which we are pretty much cornered into. We have moved into maize through a product called Ashitaka. And that's something which, given that the way maize acreage is increasing in India. I think that can be a very strong potential segment going for us in the future. And the first cut response to this product is pretty positive. So that's one area.

Second is we are also looking at we have got extended label claims into some of our current products itself into further crops. So that's the second pivot, which we are trying to push forward that can we -- one is to launch more and more new products will take their own time.

But the other is that we are looking at some of the current products, can we get label claims registrations done and because they are equally applicable to some of the other crops. So that is an extension that we are also looking at that can we diversify ourselves and extend the usage of our current products to further crops, obviously, getting it approved from the regulatory authorities.

And the third is we are looking at possibly a new launch coming in quarter 4. That should be another new product which we will enter as part of our diversification. So I would say it's a bit of a mixed bag, which is the way second half is looking like. There are some of the pieces that we are putting forward, which I think will pan out starting quarter 4 later towards definitely next year very well.

And then there are certain pieces which we are already trying to do through our own internal efficiencies. Having said this, in a nutshell, I would say the picture for the second half of CPB may be still moderate to soft is where I would put it. But the diversification and the long-term steps that we're taking, I think, is very clearly we are very positive about on the business.

Another piece I want to put on the table is that we are very particular given that the way seasons are pointing out, we do not want anywhere the efficiency and the hygiene of the business to get compromised. So that's something we are being very, very cautious. So we are not going to do things which later on come to haunt the business from its health point of view.

Probal Sen:

Got it Sir. That's very clear. The second question was with respect to the Animal Feed business. Just your thoughts on what is -- because my understanding that there is some correlation between the fortunes of the farm industry versus what happens to Animal Feed. But this quarter, despite whatever is happening on Crop Protection and general sowing and all, Animal Feed seems to have delivered a decent quarter. Just your thoughts on what has driven that? And how should we look at this business going forward?

Sunil Kataria:

Okay. Honestly, Probal, on this, I don't think I do not think that there's any major any correlation which we are aware of, which has got between oil palm and Animal Feed really.

Honestly, that correlation doesn't exist. There does tend at times to be some correlation between milk prices, which a farmer can get out of cattle and the compound feed they end up using.

That's a reasonable correlation because as the milk prices, which is the income per farmer goes up, especially in cattle feed, right, there is obviously an upgrade which starts happening towards more compound feed from the unbranded feed part. That's the only correlation which at least I have understood in my early days here.

Now coming to Animal Feed performance. I think Animal Feed performance is coming on the back of some very strong operational performance. So I think that's something which is I would like to put on the table that there has been very clearly strong on ground work which has happened in terms of geographic expansion on ground in terms of our footprint. There is very strong execution happening in terms of the quality of our feed and some of the value additions that we are doing to our products.

And the third part very clearly, which is happening is that we believe we are gaining market share, although this industry obviously doesn't have Nielsens of the world, and we can't get syndicated market share. But from whatever we're getting sense on the ground is that this is also coming on back of some of the market share gains across some of our key markets.

So I think on the back of this, this is not only this quarter actually, if you see, this performance now was a consistent first half performance especially in the area of cattle feed, overall Animal Feed has grown at strong double-digit volume growth and where cattle feed, which is 50% of our business, right? And we are very, very focused on cattle feed, which is actually going really in the mid-teen's kind of volume growth.

So I would put it to some good work happening. And I guess maybe only piece I would say maybe there is a bit of a support which may be coming is that, yes, market when milk prices go up, there is a good the farmers tend to look more towards adopting more and more branded products so the yield go up. And that's something we keep pushing for.

Probal Sen: All right. Sir, one last question, if I may. Just to clarify, the share of branded products in dairy was at 36%. And in the Foods business, it is now at 86%. I just wanted to clarify that, that was stated.

Sunil Kataria: Yes. So actually, all the dairy products are branded. What we call is what you're referring to is value-added products because milk is a branded milk for us, right? Yes, the share of value-added products has moved up to 36% from 32% and the branded business of GFL is now 85%. Yes, that's right.

Probal Sen: Sir, sorry, one last question on Astec. Just your thoughts quickly on what has driven the CDMO decline? And how do you see the outlook? Because this year was supposed to be the year that we were going to be turning around at least to a certain extent. And while the losses have reduced, how are you looking at H2?

- Sunil Kataria:** So I will ask Arijit, my colleague to question, and then I'll also come in and give my thoughts as well.
- Probal Sen:** Sure.
- Arijit Mukherjee:** So like any agrochemical CDMO also follows a little bit difference in terms of the demand situation. Sometimes the demands are preponed, sometimes it is postponed. In this financial year, generally, the demand has shifted towards H2 because this will be a change in the cropping pattern. But overall, annually, the salience remains at 55%. So that way we just only see a temporary shift, but overall annual demand, everything is normal.
- Sunil Kataria:** In fact, our focus towards building a CDMO business is on course. And there are some very critical investments that we are doing right now, which we may have talked in the earlier calls as well. that one very big piece is that we are very clear that we need to build a strong go-to-market B2B strategy here, which is in terms of how do we get a strong pipeline of products.
- And for that, we need a very strong business development team. So I think happy to share that we have obviously invested behind that team right now, okay? So we have got started getting people on board whose sole job would be to ensure that we have a future pipeline, which becomes stronger and stronger in the CDMO business.
- There are some early green shoots, which are looking reasonably okay to us. It's maybe a little too premature to talk about it at this stage, but we'll keep briefing you as we come closer to fruition of some of those funnels.
- Secondly, as Arijit pointed out, that we are very well on course. This is a bit of a phasing issue. We are very well on course to having maybe around 55-odd percent kind of a number of CDMO as part of salience of our business. And we are still gunning for and working towards hopefully breaking even on EBITDA in our Astec business this year.
- Probal Sen:** Thank you so much, sir for your time and all your patience.
- Moderator:** Thank you. Our next question comes from the line of Abhijit Akella from KIE. Please go ahead.
- Abhijit Akella:** Yes, good afternoon. Thank you so much for taking my questions. So when we started the year, we had kind of guided to revenue and earnings growth of about 16% to 18% for fiscal '26. Just in the context of how the first half has panned out and how we see things at this point in time, would you like to share any thoughts regarding what sort of numbers we could actually expect from an updated perspective?
- Sunil Kataria:** Yes. So Abhijit, obviously, one of the biggest changes, I guess, maybe since I have not been in the background of the first quarter, but that's what the guidance which you would have got, obviously, because that's something I think the team set out to do.
- I think the biggest change event in this whole scheme of things as we set out stand in the mid of the year, I think is the big one is the changes in the external factors of the Crop Protection

business because I think nobody in the industry, what I understand, forget us or across the entire industry would have anticipated this kind of a weather pattern panning out across with such disruptions of seasonality, both temporarily and especially of rain. So that is one big ticket item which is going to deviate from our initial forecast.

And that's what in my earlier answer, I said that is going to look softer in the second half, moderate to softer. So I think that really waters down from the earlier guidance that we gave. What is looking good, obviously, Animal Feed looking very, very strong at a volume level.

The piece there panning out is that the sales revenue part of Animal Feed obviously depends a lot on the raw material prices because that becomes a bit of a pass-through, right? So then a very strong volume performance is what I would look at in Animal Feed and not look at purely a revenue piece, and that is the robust consumption piece really. So that space put for it.

Oil palm protection business will come to I'm sure some questions will come on that, looking very, very healthy right now, in fact, with very, very strong future pillars of growth also panning out. So that's going to give us some upside.

And in a nutshell, I would say, maybe that '16 effort is there because of some of these factors of Crop Protection, etc, that may not pan out, but we are still planning for a strong healthy growth to be delivered in this year. That's something which I will still go for it because there are some positives happening, some negatives, but we'll still try to make sure that we have a strong, healthy revenue growth.

Having said that, our bottom-line growth looks healthy. We are at 14% growth YTD in first half. And we have put in a lot of cost initiatives in place also. We are investing behind our value-added businesses. And we still hope we still think we'll be able to deliver a pretty decent bottom line growth as well.

Abhijit Akella:

Got it. Thank you. That's helpful. Just a couple of questions on the expenses, expense items. This quarter, there's quite a significant increase in the unallocated expenses under the segments. And then on the P&L, we see that the employee cost is up also quite sharply. So what might the reasons be for these? And what should we expect going forward?

Subramanian Varadaraj:

Hi Abhijit, this is Varadaraj. On the expense side, when we look at the unallocated expenses, one of the primary reasons why unallocated expenses has gone up is in the base, there was a onetime reversal of the long-term incentive plan provision. So last year, we had called it out separately as an extraordinary item, the onetime reversal. So that kind of sort of impacts the growth in the unallocated expense.

The second reason, as you rightly said, is also the manpower cost and manpower cost has gone up also because of the provision required for the variable remuneration given that our profitability is seeing a good growth, okay? So that's these are the 2 primary reasons for the increase in the unallocated expenses. Yeah.

- Abhijit Akella:** Okay. So on a sequential basis as well, unallocated is up from about INR57 crores to INR70 crores. So that is largely because of the employee cost increase itself. Is that how we should interpret it?
- Subramanian Varadaraj:** In the Q2, the reason is yes, it is because of the employee cost.
- Sunil Kataria:** That is because of the provision of the variable remuneration that we are doing because given that our profitability numbers are looking pretty healthy.
- Abhijit Akella:** Okay. Just one last thing from me, if you'll allow me, and I'll get back in the queue. Just 2 quick ones over here, actually. One is the effective tax rate seems to be a bit on the higher side. So what should we expect from a full year perspective?
- And then the debt number seems to be up in the first half. should we expect that there is usually a seasonal unwinding of debt in the second half? Does working capital get unwound? And what is the closing debt number we should expect at year-end?
- Subramanian Varadaraj:** So first, let me address the tax point. Tax definitely is on a higher side in this quarter, and that is primarily because of the accounting standards which are there, which stipulates a particular treatment of tax on dividends in the consolidated financial statements. And that results in spikes in certain quarters and a drop in quarters other than that.
- But on an overall annual basis, we expect the tax rate to be slightly lower than last year. That's what our expectation is on an annual basis for the full year. Okay. So that's on the tax piece. Coming to the borrowings and the working capital, you're right. In the second half of the year, our working capital will come down and that will result in our borrowings coming down as well. So that's what we are expecting in the second half.
- Abhijit Akella:** Yes. But on a year-on-year basis, the closing debt, should we expect, it will be stable year-on-year or it will be higher?
- Subramanian Varadaraj:** It should be stable, reasonably stable. Yes. Despite the investments. So as you would have noticed in the first half also, we have sort of we had investments which we did. But despite the investment, the increase in debt is not in line with that. We have sort of reduced our working capital in the first half as well. And we will continue that in the second half and sort of ensure that the borrowings do not increase significantly.
- Sunil Kataria:** Yes. That's a very, very clear focus. I think I mean, this being my a few months here, but I would like to maybe put on record here at least. I think what I have seen of the way the working capitals are being managed, I think there's a very, very tight focus in the organization. And I think that focus would definitely like continuing forward. We have done a very good job despite investments in the working capital management till now. And I don't see any reason why that lacks out.
- Abhijit Akella:** Okay, thank you so much. And I'll get back in the queue for any more.

Moderator: Thank you. Our next question comes from the line of Hardik Solanki from ICICI Securities. Please go ahead.

Hardik Solanki: Thank you for the opportunity. I have 2 questions. First, coming towards the palm oil segment. So what was the oil extraction ratio for this quarter? And secondly, if you look at the volume, we have seen a healthy volume of 9% growth on a year-on-year basis.

But just want to understand how the second half would look like. Basically, if you talk about the second half of last year, it has the growth has slowed down. So similar pattern can be seen for this second half as well.

Sunil Kataria: Okay. So I think this is one business of ours, which obviously is the star performer of the year and along with obviously Animal Feeds business as well. But we are seeing a lot of offshoots happening, which are paying off now for us, I think, over the years of work, which could turn out to be pretty strong multiple pillars of growth going forward for us.

So first, as of now, the way the oil extraction ratio is our first half oil extraction ratio is 19-odd percent, and which is an all-time high that we have seen over last so many years. So that is a mix, I would say, of a couple of things. I think first and foremost, a full credit to the team for doing some exceptional operational efficiencies on the ground. This is a business which requires a lot of micro-operational execution on the ground on a daily basis, whether it be in terms of the right time of harvesting, the way you go about doing the harvesting and supporting the farmers in harvesting right from taking care of the plantations.

And then finally, once the food bunches come into your own business, how do you manage the process losses and the efficiencies in the factory. I think on all the parameters, there is a very large focus happening. This is translating along with obviously a good monsoon, which has led to a lot of FFBs fruit bunches coming in.

I think a good mix of 19% is leading to this kind of extraction ratio. That is why I talked of this as a first half and not only quarter 2 because the right way to see this is beyond quarters and the first half, which is roughly around 60% to 63% of our total FFB.

Moderator: Ladies and gentlemen, kindly stay on the line. The management has disconnected, and we will reconnect them shortly. Please stay on hold.

Ladies and gentlemen, the management is back online with us. Thank you for your patience and you can continue with the question.

Sunil Kataria: Now, I would like to know where do we drop out if you can tell us that. We are talking about the oil palm operational efficiencies. So maybe just to recap, I think there's a lot of groundwork which has happened in terms of all operational parameters of our OPB business.

And I think the good operational work, while there's definitely been a support of good monsoons leading to a very good harvesting of the food bunches. But I think a lot of work and credit would

go to the operational work on the ground. And I see that operational efficiencies going forward also continuing. So I think our OER ratios OER would be in the similar zone across the year.

Hardik Solanki: Sorry sir. First let's talk about the Q1 FY '26, OER ratio was 20.8 and you said the average is around 19%, right? So the OER for the Q2 has dropped sharply, is it?

Sunil Kataria: No, no, no, it was not 20.8% in the first quarter. No, no, no. In fact, the second quarter has improved for us.

Subramanian Varadaraj: Yes. So this is what Q2 is 19.49%.

Sunil Kataria: Q1 was actually Q1 FY '26 was 18.3%.

Hardik Solanki: Okay. Okay. And in terms of the volume, does second half might see a degrowth or basically a decline, not a degrowth decline versus H1.

Sunil Kataria: No, no, no. Okay. See, first of all, what happens is the ratio is broadly 65-35 broadly. That's where the tree behaves. That's where the plantation behaves. So the yield in any year, give or take a few percentage points is 2/3, 1/3, right? So that's the way it is. And that pattern is not going to change.

Now the question is, on a like-for-like basis between H2 this year versus H2 last year, I think that's the right way to see. Is there going to be degrowth? No, we're going to continue the growth. And by the end of the year, we believe that we will end up in our overall fruit bunches coming in. We believe that we will end up in mid-teens kind of a growth.

Hardik Solanki: Okay. That's really helpful. In terms of the Animal Feed, I just want to understand our earlier guidance was around between INR1,900 to INR2,000 per tonne EBIT. So now in first half, considering the discounting and all which we have seen blended EBIT per tonne is below around INR1,750. So do we see any downward revision in the EBIT per tonne?

Subramanian Varadaraj: No. So what we have also mentioned is the underlying EBIT post the adjustment of the supplier credit, et cetera. So that for Q2 is around INR2,000 per metric ton as against a similar number in Q1. So we expect to continue with the earlier guidance of INR1,900 to INR2,000 per metric ton of underlying EBIT.

Sunil Kataria: Yes. In fact, if you see the underlying EBIT, what we just Varda tried to explain to you right now is really the good operational metric because what we've done is since we have been doing this vendor discounting, this comes at an input cost into our P&L.

And hence, at EBIT per metric ton, in reported numbers, it is looking lower, but the underlying operational EBIT per metric ton actually is better only. In fact, last year, quarter 2, it was in the range of around INR1,950. And this year, we are in the range of around INR2,006. So we would be holding ourselves into that guidance that we gave.

Hardik Solanki: Okay. Okay. And the bill discounting expenses would continue going forward as well?

Subramanian Varadaraj: Yes, we will continue that going forward as well. We will continue that.

Hardik Solanki: **Okay. That's it.** Thank you.

Moderator: Thank you. Our next question comes from the line of Shubham Jain from Nippon India Mutual Fund. Please go ahead.

Shubham Jain: Yes, hi, sir. Thanks for the opportunity. My first question is about Astec LifeSciences. So since Astec operates 2 segments, enterprise and CDMO, so could you provide a sense of the margin differential between the 2? And could you walk through the major drivers of margin expansion in the business in the upcoming quarters?

Arijit Mukherjee: So generally, if you see CDMO marginally varies between 30%, 31% and enterprise this year is coming to around 15%. To a larger extent, margin is driven, one is in terms of process efficiencies, which we are bringing in, some process controls in terms of cost controls, those.

And in general overall, there is a price revision because of most of the old inventory is moving out, both the demand and the overall prices are slowly increasing in the market. So at least this year, we are seeing until now the H1 enterprise businesses, both the margin and the demand position has become stable. CDMO's margin because it is formula-based is more or less constant. It does not increase or decrease too much.

Sunil Kataria: I think there is a question on how do we improve our margins and margin expansion journey. I think I would like to that there is an organization-wide work that we have kick started, which we're calling as Project PI, okay? And it's a project work which we started around 2 months back. It's something that all the leadership team members, the CEOs of the businesses, including me, are championing across the organization.

It's something where each and every function has got involved. And we have identified projects across businesses where we would like to drive cost initiatives to drive out inefficiencies. And that applies to every business, including Astec.

As that takes more and more shape, would like the margins expansion riding cost and mix entitlement, we'd like to flow back some part of that money back into some of our businesses where we want to grow further and some, we hope to see back into margin expansion.

We are also in Astec kind of business, there's a very big role which R&D plays in, which is also in terms of life cycle management of our current projects. And that's a very ongoing work, which is happening as part of this Project PI as well, where on our current molecules itself, we keep on doing what I mean, if I would call anything which is renovation or something like that, where we keep on expanding and doing a better life cycle management in terms of improving cost efficiencies, improving margins of the current products as well.

Shubham Jain: **Thank you sir. Thanks for this answer.** And my next question is about the CDMO business. So since the CDMO revenue have declined sharply to around INR13 crores in Q2. So do you expect this to normalize in the next couple of quarters? And are the clients or are the clients

indicating any pickup time lines or are the existing CDMO projects still active or deferred or have been discontinued or scaled down by clients?

Arijit Mukherjee: No. All the CDMO businesses are intact. All the clients have given us the indication of the volume. It is generally the shifting from Q2 to Q3 and Q4. So this is a normal shift. It happens annually. But overall, the demand indications from the buyers have been normal.

Shubham Jain: Okay. Thanks. And my another question is about the...

Sunil Kataria: I would just broadly like to add here is that given that what Arijit mentioned that it's a bit of a phasing issue. And we expect the year-end salience between our enterprise and CDMO businesses to be held as per the way we had last year as well.

So right now, while in the first half, we were to compare the enterprise CDMO saliences of the business, it looks more lopsided in terms of enterprise, which is the point you are also pointing out, Shubham. But by the end of the year, since this phasing, hopefully, it should get corrected, we expect it to land at the similar levels as last year in terms of salience breakup.

Shubham Jain: Okay. And one more question about the enterprise segment. So how much of the movement in the revenue this quarter was driven by volume versus pricing? And how do you see volume growth trending in the second half given the current demand environment?

Arijit Mukherjee: Just give us some time to have the numbers ready. But overall...

Sunil Kataria: Versus last quarter, right?

Arijit Mukherjee: Just give us a minute.

Sunil Kataria: I think I have the so if it's about a 15% overall revenue growth, a large part I mean, more than most of it has actually come from volume.

Arijit Mukherjee: So what is happening now, if you have seen in the last 2 quarters, we were focusing on mostly the destocking because some of the geographies destocking was not happening or it was very slow. So overall, now it has happened, most of the destocking has happened. So the demand is back to almost normal. So now the volume growth, if you see, it has volume growth.

Sunil Kataria: But actually, if you see what the point which Arijit was trying to make is that this there's a very clear focus on driving volume growth because the pricing patterns can change. We've seen in the past from whatever history I've seen is what happened a couple of years back that some of these enterprise pricing can be so volatile that it cannot be in our hands.

So I think our focus is very clearly to build a volume-led business because volume is what we can focus on. And then obviously, we'll do better negotiations, and we'll have better capabilities coming in, which can give us some pricing power in the enterprise business. So this growth, as you said, of 15-odd percent is primarily volume.

- Shubham Jain:** With high enterprise volume, have you seen any improvement in plant utilization and fixed cost absorption? Like what is the current capacity utilization across unit? And what is the target utilization to drive profitable growth? I want to know more about that.
- Arijit Mukherjee:** Generally, we do not disclose the capacity utilization, but I can say if you compare to the last 3 quarters before, so we have doubled the utilization of the plant. We are very near to the breakeven utilization where positivity can be seen in all sites.
- Shubham Jain:** Okay. And one last question. So what proportion of revenue do you expect from the CDMO side would be needed to achieve positive EBITDA in the upcoming quarters in the upcoming years?
- Sunil Kataria:** We are targeting overall to breakeven on EBITDA by the end of the year. So I think, again, one piece which will happen as you would understand this business as well is that the CDMO order books also pan out not exactly as per our quarters. So it's better to see it in a 6 months, 6-month horizon.
- So what Arijit pointed out is that we believe that by the end of the year, we will have our CDMO saliency as per the last year. So I think the way we are seeing it by the numbers that we are planning out in the CDMO in the second half. If we are able to achieve that, we will be EBITDA breakeven or very, very close to our EBITDA breakeven on the overall business.
- Shubham Jain:** Great. Thanks, sir. Thanks for the answers.
- Moderator:** Thank you. Our next question comes from the line of Shravan Vora from Premier Capital. Please go ahead.
- Shravan Vora:** **Hello. Am I audible?**
- Moderator:** Yes. Please go ahead.
- Shravan Vora:** Hi. First of all, I would like to welcome Mr. Kataria as this is the first time we are interacting with him. So welcome, sir.
- Sunil Kataria:** Thank you.
- Shravan Vora:** I'll just move to my questions quickly. I'll start with Astec. So just continuing to the previous participant's question, so broadly, as far as I understand, our guidance as per last quarter was that we do this year, we'll try to cross INR500 crores turnover and EBITDA breakeven on a full year basis. So we are maintaining that guidance, right, sir?
- Arijit Mukherjee:** Yes, we are maintaining that.
- Sunil Kataria:** Yes. I think we will be very close to that number on top line, and we are working towards breaking even on EBITDA. So I mean we don't see I mean, give or take a little bit on revenue here and there, but I mean, not too large a guidance change right now at this moment.

Shravan Vora:

Right. And sir, this quarter, we did about 44% gross margins, which is like almost like a 4-, 5-year high, if I talk I know because the revenue was slow, that's why the fixed cost couldn't be absorbed and EBITDA was a loss, but gross margins were quite good. So as Mr. Mukherjee was mentioning, the EBITDA margins for enterprise and CDMO as we are seeing currently and with gross margins being back, is the EBITDA breakeven?

Like is there a possibility we do better than EBITDA breakeven? Because if you meet like first half is about INR160 crores turnover, so if we do about INR220 crores to INR230 crores turnover in the second half and the margins that has played out in second quarter, it should be better than EBITDA breakeven. Is my understanding correct, sir?

Sunil Kataria:

No, I would say there are other factors which will also come into play for us because I would still hold on while your question has there is a possibility of upside, which could pan out. But honestly, at this stage, I have to give a guidance. I would say our first goal is to still make sure that we are pretty much targeting the EBITDA breakeven. If there are some things where we say maybe we get a little bit more operating leverage because scale, if that happens, fingers crossed. So I would not point on that, honestly, right now, Shravan.

Shravan Vora:

Got it, sir. And just one last thing on the CDMO part. As you highlighted at the beginning of the call, a lot of initiatives that we are making on the go-to-market strategy. But it's like been about 2.5 years since we launched the R&D center, sir.

So here, the ramp-up has been quite underwhelming as like to say the least. Last year also, we were targeting about INR400 crores revenue on the CDMO side for F '25, but we ended up achieving almost half of that. So like what strategy can you highlight to us for the next 3 years on the CDMO business? Because that certainly that has been the focus for us at least for the last 3, 4 years?

Arijit Mukherjee:

Shravan, so you have to think of the R&D initiative in 2 sides, right? First, once we build the R&D, we told that the number of molecules which we'll be handling will increase. Second is now we'll be working more with the innovators. The first thing challenge of ability to handle more molecules have increased.

So if you see currently also, we are handling around 12 molecules we are in different stages of development, where we used to commercialize 1 molecule, now we are planning at least 2 new molecules every year. Plus because of the R&D, the back-end support in terms of the new development execution, the other challenge that we have added.

The other side is because we will be we are currently working more with the innovators. So what has happened with working the innovation in the early stage of development, gestation period includes a little bit. So a molecule which are generally commercialized within 3 years is now taking 4 years, but that in one side, the introduction takes time, but it is a long sticky business.

So this is, I think, the double-edged advantage we have. Only thing initiation will take a little bit time. But then I think next year onwards, when the business will start onward, you will see the rapid change in number of molecules, which have been commercialized every year.

Shravan Vora: Right. Right. Got that, sir. Got that. So maybe F '26 would be a stabilizing year and F '27, we start seeing a breakout in terms of the CDMO business. Is that right?

Sunil Kataria: Yes, that's very clear because we are seeing as we said, we started investing behind building a pipeline. And as you know, the order book and the pipeline in these areas on the CDMO front takes a little bit of time. That is very clearly started happening. In fact, we see while it's still a data which is still panning out, but in FY '23, our CDMO business was 26% of the total revenue. Today, despite all the journey that we've taken, we are 54%, right? And we will hold that 54% broadly this year as well. And then we hope to break this out further and further into coming years.

But as you said, just to repeat it, we've got to invest the R&D investment is in brink of health. In fact, whenever we have had any partners who have potential partners who have come from outside the world, there is one thing which stands out in their mind is the kind of R&D center and R&D capability that we have. It is very clearly being seen as world-class right now that we are in line with any other centers in the West.

Second, we had a gap right till now of the front line of CDMO, which is business development. We are still work in progress, but we have started putting those in place. We have got people coming in place. That should give us off shoots. Third, while agrochemical will remain our focus, but we are also now making entries and forays into maybe something else like specialty chemicals, some project may happen there as well.

Shravan Vora: Right. Got that, sir. That's very clear and glad to hear. Just one last question on...

Moderator: Shravan, sir, extremely sorry to interrupt you, but I will have to request you to rejoin the question queue.

Shravan Vora: Okay, I'll do that. Thank you.

Moderator: **Thank you so much.** Our next question comes from the line of Rajan Shah, who is an investor. Please go ahead.

Rajan Shah: Yes. Am I audible? My question is to Mr. Nadir Godrej. Is Mr. Godrej on the line?

Nadir Godrej: Yes, I'm on the line.

Rajan Shah: Sir, I am a big fan of the Godrej Group actually, and I have held on to many shares of your company. And I also was an initial investor in Godrej Agrovet when it came out with IPO about 8 years back, sir. Sir, 8 years back, our company reported a top line of INR5,000 crores and a profit of about INR250 crores.

Net profit margin was 5%. Now we are eighth year after the IPO. And sir, our revenue has just doubled. Normally, I have seen over the past 20, 25 years, Godrej Group normally grows at about 15% plus, whether it's Godrej Consumer in the initial years, Godrej Properties, Godrej Industries also did exceptionally well.

Godrej Agrovet, sir, the net profit has grown at less than 7.5% over the last 8 years. In this period, we should have actually more than doubled our profit, but our profit has gone up at a CAGR of just about 7% or so, sir. So that is one thing, sir.

Secondly, Astec also, sir, we came off with rights at a price of INR890. Currently, the stock is at about INR625 or INR630. Sir, we need to know where exactly both these companies are headed. No doubt, but we are very confident that it's Godrej Group. So ultimately, shareholders will be rewarded. But we need to know as shareholders where exactly are these companies headed by 2030?

Can we expect INR15,000 crores of top line for Godrej Agrovet or maybe INR1,000 crores of top line for Astec. So something -- sir, if it comes from you, it has a lot of value. If it is coming directly from you, we have a lot of trust in the Godrej Group. And when you say something, we would certainly respect that word. So I would like to hear from you, sir, exactly where are the companies headed, Godrej Agrovet and Astec over the next 4, 5 years, sir?

Nadir Godrej:

Right. Now there have been challenges because of climate change, and you saw how the monsoon behaved this year. And there have been similar challenges in agricultural products for Astec as well in other countries because there were problems in Brazil and some other countries. So this is going to be a little bit of a challenge in the future.

But Astec is working on a lot of new products, including non-agrochemicals. And that is definitely bound to give relief. And we expect that our animal feed business is going to continue to grow very well. And as Sunil said, the oil palm business is on a growth track, and we have been doing a very high level of planting this year. The benefits will be seen only after 4 or 5 years, but the benefits will definitely be there.

Sunil Kataria:

May I also comment at this stage?

Nadir Godrej:

Yes.

Rajan Shah:

One question, sir. In numbers, sir, where do we see both the companies, sir? By 2030, if you can give some internal projections, which internally the Board would have?

Nadir Godrej:

We are working on those projections just now, especially on oil palm because on oil palm, a lot will follow the planting pattern, and the planting pattern is good. It will take us a little bit of time to fine-tune it, but maybe Sunil would like to say something.

Sunil Kataria:

Yes. Mr. Shah, thank you so much for putting this question. And I would be able to try to take this question on. I'm just 2 months into the system. I've just taken 2 months back, and I'm seeing this business. And I think the points which you put on the table are pretty valid concern. I'm

looking at this business with a very fresh lens right now. I also come with the background, which is a very consumer-focused FMCG kind of background. So I'm pretty much looking at it from a very outsider lens.

What we are doing right now is that we are in the middle of getting into a strategy refresh exercise. And that's something which I would like to address all the partners on the call as well right now. There are 4 or 5 things that we will do on this business. One is very clearly; we are going to make overall portfolio choices because we have 7 businesses. right?

And they are 7 businesses which have a large amount of diversity within them. So we're going to look at how to manage the entire portfolio of Godrej Agrovat. And that's a choice that we'll make. And this is an exercise which will pan out over the next 70 to 90 days. By the end of success, we would like to simplify our business.

We'll make portfolio choices and the role of each of our businesses should be very clear in terms in our minds in terms of investments, in terms of returns, and that is something which we'll put on the table.

Second is one second pattern, which I see is that in each of our businesses, there are maybe single or 1 or 2 points of success that we've built in, which invariably tend to get sometimes or other hit by some external factors, like what you have seen in Crop Protection, for example, we are pretty much right now skewed towards, let's say, cotton and herbicide.

So that's one segment primarily. And then come this kind of odd weather pattern, the window is so short, we get hit there. So the second point which we'll try to build in this strategy refresh is how do we convert some of these single points of our business of each business into multiple pillars of growth. And that's the second point that will come back.

Third, very clearly, our journey is moving towards value-added portfolio, and that will happen across every of our businesses, right, from animal feed to foods businesses to Astec business.

The fourth, my external point of view right now is that our businesses will try to build a more market outward lens in our businesses than maybe purely commodity inward lens. So that's another strategic piece which we'd like to build in. For example, we'd like to build a lot of consumer inward thinking into our business as well as I think we need to we can do some really cutting-edge work on go-to-market.

And the last piece is to do all this, we are we have already rolled out this Project PI, which is a cost initiative. We will root out inefficiencies very, very hard. We will like to plough back money back into growth and into fuelling growth, which is a concern that you're putting on the table. And we would like to take some very hard calls on some of the cost parameters.

All this exercise over the next 70, 80, 90 days should be over, and then we'll actually come back to the street with our vision of what we see is the Godrej Agrovat potential of the future because we are very clearly building a FY '30, which is a question you have raised, we are clearly

building a FY '30 GAVL unleash model in place. And I would like to I would come back to you all of you with that model towards the end of March.

Rajan Shah: Fine. That was fine, sir. Just when you come out with this thing 90 days from now, sir, I would request you to come out also with numbers, where do we look at Godrej Agrovat and Astec 3, 4 years down the line. So we'll really appreciate that if you come out with those in terms of numbers, sir.

Sunil Kataria: We will do that. We come back to the FY '30 plan for everybody.

Nadir Godrej: But we have to look carefully at the legal requirements on forward-looking statements.

Rajan Shah: Yes, fine, sir. Fine. All the best, sir. Thank you so much.

Nadir Godrej: **Thank you.**

Moderator: Thank you. Our next question comes from the line of Jignesh Kamani from Nippon Mutual Funds. Please go ahead.

Jignesh Kamani: Yes, hi. Just to know more qualitative aspect on the Astec R&D center. So how many scientists are working right now? And if you talk about how many clients have visited in the last 1, 1.5 years and kind of how many inquiries we have received just because when I visited the center almost 1.5 years ago, when I interacted with your team, I was told that almost 30-plus global company has visited, flow of inquiry was very healthy.

But when you talk about right now, we are working on 12 number of molecules, it looks very low despite R&D center started in April '23. So despite 2.5 years of operation, just 12 molecules in the pipeline looks slightly weak.

Arijit Mukherjee: So let me first put in the infrastructure there. If you see the infrastructure, we have almost 60 fume hoods. So 60 fume hoods means almost in a normal scale, you can do 100 reactions at any time in the R&D center. Other than that, it is supported by other process safety labs, other QA labs. So infrastructure-wise if you roughly say that it will be 100 steps.

And currently, for any of the chemistries worldwide, a reaction normally takes around 8 steps. So if we are doing around, say, 12 molecules, it means we are involving around 96 steps in the reaction. So occupancy-wise, we will be in terms of capacity utilization will be somewhere between 90% of the capacity utilizations because today's chemistries are much complex than the normal, say, 15 years, 20 years back chemistry.

In terms of say, going before the R&D, there are a number of stages a CDMO passes through. It passes through the inquiry stages, it passes through a negotiation, NDA. That's why one we are telling that we are working with the innovators, 1 year is actually take before a project even comes in a tech pack form.

So today's 12 project might have taken more than 2 years to reach a stage where the R&D will be flowing. But then each year to get in, that's why the importance of the pipeline. Each year, we're getting 12 projects, which is in the R&D stage, will require to satisfy at least 120 inquiries.

What currently we are doing is we are getting larger number of inquiries because what we have seen over the experience in the industry from an inquiry to an R&D, it is around 10% of the projects which goes to the R&D.

So if we are doing around 12 projects today, around 120 projects has already come in different stages of inquiries, right? So you have to think of the flow will take around 2, 3 years, but now currently with the pipeline almost full, capability to be used around 90%. I think within 1 year or 2 years, you will see more number of products being commercialized.

But back of the mind, you need to remember, last 2 years has not been very positive for agrochemicals. So shifting the supply chain, building up new supply also have been a little bit slow from the innovator side. So that has been a combination of a little bit of outside unfavourable atmosphere that also have reduced a little bit of, say, movement through R&D. But overall, we see as per occupancy and as per the scale – normal scale of operations, we are fully occupied. Could I answer your question?

Jignesh Kamani: Yes. I think that was helpful. Just on the R&D team size, number of scientists.

Arijit Mukherjee: So we are around 100 people working in R&D. So that includes from synthesis to the pilot.

Jignesh Kamani: So this will end up in last 2 year because 2 year ago also, it was around 120, 130.

Arijit Mukherjee: Currently, we are not doing any scale up in the R&D center. So now currently, all the occupancies, all the units we are occupying right now.

Sunil Kataria: Yes. And I think it doesn't have to work to do with numbers. I think...

Jignesh Kamani: Hello.

Moderator: Yes sir, please continue with your question.

Jignesh Kamani: Yes. Second question on the Crop Protection. So if you take about the first half segment, we declined around 7%, while if you take about entire majority of the industry grew by around 10% to 12%. You alluded that some of the products where we were the monopoly has 2 or 3 more, I can say, partner available. So in that context, are you – how hopeful of you can say growth for the entire year? And what are the drivers you're seeing because the number of new products introduced in first half?

Moderator: Ladies and gentlemen, please stay on hold while we reconnect the management.

Ladies and gentlemen, the management is back online with us. Sir, please continue with the question.

Jignesh Kamani: Yes. Just on the Crop Protection side. So if you take about the first half, we declined by around 7%. Majority of the industry witnessed double-digit growth in the first half. And you and you all did it this in the first one quarter, some of the products witnessed 2 or 3 more new competitors and hence, our market share has declined. So in that context, how hopeful of your growth in the Crop Protection? And how many products you introduced in the first half? And can you give some color about the opportunity size in the new product launch?

Sunil Kataria: Just a second. So the question is how many products have we rolled out in the first half?

Jignesh Kamani: Yes, in terms of production and...

Sunil Kataria: Sorry, carry on.

Jignesh Kamani: And reason for the 7% kind of decline in the first half where the industry has grown by around double digit.

Sunil Kataria: Okay. I think, first of all, I mean, I wouldn't be able to comment on the industry, but whatever results that we are seeing on the agrochem industry across, I think the pattern is pretty similar across because everybody seems to have got impacted by...

Jignesh Kamani: I'm not talking about second quarter, I completely agree.

Sunil Kataria: So I think it also depends a lot on which segment each competitor plays in, right? It's such a large wide segment portfolio, as I said, that we have a product portfolio, which has got more cotton herbicide, chilli kind of a portfolio. And that is where our journey is towards diversifying this over the next 2, 3 years. That's, in fact, one of the biggest initiatives that we're going to that we have undertaken right now.

Coming back to as part of that, I think the first product that we rolled out which was rolled out actually towards end of August or rather early September in the first half was Ashitaka, which is our first large foray into a new crop, which is maize herbicide.

And that is something which has just gone into the market around a month back. Early results looking positive. We are very hopeful of building this into a very, very large product for us within the maize segment.

As I talked about earlier, there is another product that we are likely to get into. I will not be able to share that because of competitive reasons right now, which everything goes right, we will get it in quarter 4 only. That product is pan crop and that product is a new for us, which will again derisk and diversify us a little more because it will not depend only on one crop.

And then apart from this, we have got another 3-odd products lined up, which should hit us anywhere between April to August next year. Beyond this, there are more work happening. We are in very, very early stages of closures on very in-licensing products. And as I said, the journey has just started with Ashitaka. There will be a slate of launches happening in the next 6, 7 months, followed by FY '27, FY '28 and FY '29. The product profile will be very different.

- Jignesh Kamani:** Sure. And how is the performance of some legacy products like Hitweed and everything because we developed 2 or 3 more variants. But at the same time, one will get off-patent. So are you seeing any competition in the pricing or margin?
- Sunil Kataria:** In fact, I would say that the Hitweed impact, which is the impact that we are seeing in our business is primarily because of this entire weather pattern, which happened because which really shut down the or narrowed down the whole window of spraying opportunity to such a small level that it is more a category issue than anything else.
- By all standards, Hitweed continues to command a premium over any other product in the market. And we still come out a premium the brand power is very strong. We don't have our understanding is very clear that we have not lost any market share. It is completely a category issue which has panned out in the cotton herbicide market, which has led to this impact.
- Jignesh Kamani:** Understood Sir. Thank you sir.
- Moderator:** Thank you. Ladies and gentlemen, that was our last question for this conference. I would now like to hand the conference over to the management for closing comments.
- Nadir Godrej:** Thank you. I hope we have been able to answer all your questions. If you have any further questions or would like to know more about the company, we would be happy to be of assistance. Stay safe and stay healthy. Thank you once again for taking the time to join us on this call.
- Moderator:** On behalf of Anand Rathi, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.