Godrej Agrovet Limited

Registered Office -
Godrej One, 3rd Floor,
Pirojshanagar, Eastern Express Highway,
Vikhroli (East) Mumbai- 400079. India
Tel: +91-22-25188010/8020/8030
Fax: +91-22-25195124
Email: gavlho@godrejagrovet.com
Website: www.godrejagrovet.com
CIN : L15410MH1991PLC135359

Date: August 12, 2026

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, August 6, 2026 at 3.30 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, August 6, 2026** at **3.30 p.m. IST**.

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

Please take the same on your records.

Thanking you,

Yours faithfully,

For Godrej Agrovet Limited

Vivek Pritamlal
Raizada

Digitally signed by Vivek Pritamlal Raizada
DN: c=IN, o=Personal, title=1730,
pseudonym=6e6203b1d1ee495dad9a25b42ae842c6,
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Date: 2026.08.12 13:39:58 +05'30'

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

"Godrej Agrovet Limited

Q1 FY27 Earnings Conference Call"

August 06, 2026

MANAGEMENT: **MR. BURJIS GODREJ – CHAIRMAN DESIGNATE – 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 – EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER – ASTEC LIFESCIENCES

MODERATOR: **MR. NITESH DHOOT – ANAND RATHI**

Moderator: Ladies and gentlemen, good day, and welcome to the Godrej Agrovet Limited Q1 FY27 Earnings Conference 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 this conference call, please signal an operator by pressing star then zero on your touch-tone 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, Palak. Good afternoon, everyone, and thank you for joining us on the Godrej Agrovet Q1 FY27 Earnings Conference Call. From the company, we have with us Mr. Burjis Godrej, Chairman Designate; Mr. Sunil Kataria, Chief Executive Officer and Managing Director; Mr. S. Varadaraj, Chief Financial Officer; and Mr. Arijit Mukherjee, Executive Director and Chief Operating Officer, Astec LifeSciences.

We would like to begin the call with brief opening remarks from the management, following which we'll have the forum open 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. Burjis Godrej to make the initial remarks. Over to you, sir.

Burjis Godrej: Thank you. Good afternoon, everyone, and welcome to Godrej Agrovet Limited's earnings call for the first quarter of financial year 2027. Thank you for joining us today. During Q1 FY27, we delivered consolidated sales of INR2,852 crores, representing year-on-year growth of 10% despite a challenging operating environment marked by a delayed monsoon and inflationary pressures arising from geopolitical tensions.

The quarter saw strong performance in Animal Nutrition and Oil Palm, supported by healthy volumes, improved realizations and operating efficiencies. Our Bangladesh joint venture returned to a broad-based growth trajectory, while Astec sustained its operational recovery and continue to be at EBITDA breakeven.

Dairy delivered double-digit revenue growth, led by value-added products and Godrej Foods continued to grow its branded portfolio. Crop Care, however, was affected by the delayed monsoon and slower kharif sowing, which impacted volumes of key products and overall profitability.

Coming to the key financial and business highlights of each of our business segments. The Animal Nutrition business delivered a strong quarter with revenue growth of 12.6%, driven by robust demand, improved realizations and 15% growth in cattle feed volumes. Profitability improved significantly with reported segment results growing at 29% and the underlying segment results increasing 36%, reflecting the benefits of strategic sourcing, operating leverage and continued cost discipline.

The Oil Palm business continued its growth momentum with segment revenue increasing by 28.9% and the segment result growing by 14.4%. Performance was supported by higher CPO and PKO realizations, increased sales volume and improved oil extraction efficiency. The fresh fruit bunch volumes remained broadly stable against a strong comparable quarter, which had benefited from the early onset of the monsoon in the previous year.

The stand-alone Crop Care business was impacted by the significant delay in the monsoon and slower kharif sowing following a particularly dry June. This affected demand and resulted in lower volumes of key products, predominantly our in-house cotton herbicide segment. Consequently, segment revenue declined by 16.2%, while the reduction in volumes also led to a contraction in segment margin.

At the same time, our portfolio diversification initiatives in this business continued to gain traction. Ashitaka, our maize herbicide and Takai, our paddy insecticide, scaled up during the quarter and received encouraging market acceptance. We also launched Ghassnash in the soybean herbicide category.

Astec LifeSciences sustained its recovery momentum and continued at EBITDA breakeven compared with an EBITDA loss of INR11 crores in Q1 FY26. This improvement was driven by margin expansion across both the enterprise and the CDMO category, supported by the turnaround initiatives undertaken over the past year.

Revenue was moderately lower due to a change in product mix, but the substantial reduction in losses reflects continued progress in the operational recovery of the business. The dairy business has reported revenue growth of 11.4%, led by healthy volume growth in value-added products. The salience of value-added products increased from 42% to 49% of sales, reflecting sustained consumer demand and progress against our portfolio premiumization strategy.

Profitability was affected by elevated milk procurement prices arising from industry-wide constraints in milk availability, together with inflation in certain other inputs. We remain focused on calibrated pricing, procurement efficiencies and cost optimization to mitigate these near-term pressures. Godrej Foods delivered broadly stable revenue despite the planned reduction in live bird volume.

Branded volumes grew by approximately 6%, while Yummiez's volumes increased by 22%, in line with our strategy of building a higher-quality branded foods portfolio. Profitability was affected by higher input costs and inflationary pressures related to geopolitical disruptions, which were only partly offset through calibrated pricing actions.

Our Bangladesh joint venture, ACI, Godrej Agrovet, also returned to a strong growth trajectory, delivering double-digit growth in volumes, revenue and PBT, supported by broad-based volume expansion and operating leverage.

Finally, we maintained our focus on balance sheet efficiency and disciplined capital allocation. Our average net working capital improved significantly year-on-year. This improvement supports our objective of strengthening cash generation and enhancing return on capital employed.

Moderator: Can you start with the Q&A session, sir?

Sunil Kataria: Yes, we can start.

Moderator: Okay, sir. Thank you very much. We will now begin the question-and-answer session.Any one who wishes to ask a question may please press * and 1 on their touch tone telephone and if you wish to remove from the question queue you may press * and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Abhijit Akella from KIE. Please proceed with your question.

Abhijit Akella: Yes, good afternoon. Thank you so much for taking my questions. The first set of questions I had was on the Oil Palm business. So if you could please share your outlook for the volume growth in this business over a 3 to 5-year horizon, given the fact that your plantations are gradually maturing over the next coming years. So that was one. I mean, can we expect double-digit volume growth? Any expectations there?

Number two, on the value addition angle that we are working on in this segment. Any metrics you could share there in terms of the amount invested in the value addition capacities, asset terms, margins or return on capital on this investment? And finally, just putting it all together, what sort of EBITDA growth maybe can one expect in this segment over the next 3, 5 years?

I mean, last year, you've done something like INR426 crores of EBITDA. It seems like this year could be around INR500 crores. But over a 3-, 5-year horizon, where could this number realistically go to? Thank you so much.

Sunil Kataria: Yes, hi, Abhijit, this is Sunil here. So Abhijit, on the oil palm business, obviously, this business has been doing very well for us. And overall, as you see, there has been a sustained momentum in this business. Yes. So on the FFB volume growth projections for, let's say, in the next 4 to 5 years, which is what is our long-range period as we have defined right now.

I would say we can look for a growth in FFB volume of high single digit to early double-digit growth. I'm being conservative on this. I'll be very honest because there can be some one-off here in this on the weather pattern sometimes. But yes, I believe we'll target double digit.

But if I have to be a little conservative, I would say high single digit to early double digit for sure. So that, I think, is the volume growth projections clearly on this because this business has a lot of multiple pillars of growth, which are going behind it in terms of volume growth.

First, and I'll break out 3 of them. So one is, first and foremost, that we are in the middle of a very large expansion, area expansion drive. Last year, we added some 17,000 hectares. And this year, again, we are on track to do the same. In fact, as we talk of the first quarter, we have been ahead of our internal plans of area expansion.

Obviously, all this will fold into the LRP growth rates. So that's something one. Secondly, we are doing a geographic diversification, which is from now getting into the states of Telangana and Northeast in a very aggressive manner. In fact, our entire LRP plan of moving from roughly around 80,000 hectares to roughly around 150,000 hectares, which is close to doubling is going to come a lot from these new geographies. So that's, I think, the second plus variable for us.

Third, I think, which I had earlier mentioned also that this is a business which has got a very sharp demographic dividend as we call it now, built in. Roughly 50-odd percent of our plantations today are in the juvenile stage, which is 0 to 4 years.

And they will start coming into the productive age -- early productive age of 4 years plus, and then they will reach the peak of 8 years when they become the most productive. Now that's a very, very significant bump up which happens in this business. And the fourth is we continue to do pretty well on our efficiencies, which lead to best-in-class OERs. So if I put this together, I think this business is poised on a CAGR basis for a very, very strong momentum.

In terms of the investment on capex, I think the second question, which -- second answer on this would be there is another important variable panning out in this business, which I think would lead to a structural shift of this business even further. In fact, the 4 parts which I talked about are all in the upstream.

I call them even they are structural shift for us. But I think there's another larger structural shift which will happen in parallel, which is that we are going to make this business over that LRP period from a pure upstream business to a full integrated value-added business from upstream to downstream. And that process has started. We just last month rolled out India's first integrated palm oil complex in Kannan.

We started the first stage, which has started with the nursery and CPO processing mill. In a couple of years, I mean, we're talking 18, 24 months, we should -- if everything goes right, we should have a seed garden, which is very important for future genetic work. And then there will be a refinery also which is coming up.

And the second one, which is slated for rollout in end August, early September is our first refinery of specialty fats. Now that starts by and large, in this early part of the second half, I would say, September itself. Now that gives us the ability as it scales up over the years to convert a lot of our palm oil into value-added differentiated products.

So then we become a full-fledged player from upstream to downstream. Now that downstream, when we start converting into specialty fats actually takes us into beyond palm oils into a quasi-FMCG food ingredient player, B2B. where we will be giving products which are additions to food industries on the FMCG side, which is chocolate cake, etcetera, etcetera.

And that's a very significant value add. We expect this downstream business when fully scaled up should add roughly around close to 200 bps to our overall EBITDA profile. So that's the second part of the question. The third is on the capex, as we…

Moderator: Ladies and gentlemen, the line for the management has been dropped. Please wait while we reconnect them. Ladies and gentlemen, the line for the management has been reconnected. Thank you, and over to you, sir.

Sunil Kataria: Yes. Continuing from where I left. The question was on the capex and the ROCE behind these new assets. We have a tight filter on this very clearly. This is a high ROCE business for us. Nothing crosses our bridge broadly beyond -- until we are doing an IRR of around 16% to 18%, and this meets that bridge for us. So I hope I have answered all the questions related to Oil Palm.

Abhijit Akella: That's really helpful. Thank you so much for that Sunil. The second one I just had was on the Crop Protection business and then one overall as well. So given the softness -- soft start to the year for Crop Protection, the domestic part. What sort of numbers can we expect for this upcoming year? Should we expect some sort of recovery given that you have an easy base as well for the remaining 3 quarters?

And Astec, how are you seeing things? There was a revenue decline, but a moderation in the losses, but how do you see things on that front? And finally, at the overall consol level, I remember last quarter, we had guided to something like mid-teens PBT growth for fiscal '27 for the consolidated company. Do we still think that is something achievable?

Sunil Kataria: So, that's one question. I have 4 parts to it, Abhijit, okay? So let me answer one by one. So yes, on the Crop Care, yes, the start has been tough primarily because, I mean, India has seen one of the worst June in last century. I mean that's multiple theories. Some people are saying it's 100 years old, I mean, dry is June, some say it's even worse. So obviously, this June turned out to be a 40% deficit.

The crops itself could not be sown. Now obviously, our business comes into play when the crop gets sown, first of all. So obviously, that's one largest variable which played out in this thing. Second is that given the dependence of hit weed on the way rainfall plays out spatially as well as temporarily, so that has been also erratic.

I mean, while June has been better -- July has been better, but the erraticity has been unpredictable. So I would say, yes, there has been a hit in the quarter 1, which has very clearly come because of this weather pattern.

What we are going to do is we are actually -- we expect July to be -- we're seeing July turning out to be definitely better compared to the way we were last year, so in terms of base that you're talking about. So there is definitely much better growth panning out in July versus last year, July.

We will be in a position to take a call on overall business where -- how much it can recover, to be very honest, by end of September. And the reason for that is that is by when we'll have a pretty decent handle on how, let's say, the cotton herbicide season has gone, which is a very significant part of our business in terms of profitability and revenue.

So while it is still sketchy and it is still unclear, I think I should -- we should be able to give you a sense of this more by September end. But there are certain pieces coming to the second part, given that there was a soft base, yes, there is -- I would like to add some things which I think are -- could be positive for us in the coming second half.

One is, yes, there's a softer base at play. The second is there are some four or five things which are new for us, which were not there last year, which I'm hoping will play out positively for us in the second half. One is, let me start with, last year, India had seen very, very abnormal rains happening in October and November, which had impacted our chili and grape product seasons also, which is Combine and Gracia.

Now the way pattern is going right now, we don't expect October, November to have unseasonal rains, and it should be a normal October, November. So, we expect that both our strong products of Gracia and Combine actually would do well this year given the way weather pattern is playing out. Second is the chili prices, which is what Gracia is targeted at, are looking reasonably firm right now.

Now that's a good indicator because if the -- as you know, the prices are firm, the acreage goes up, the farmers are more interested in applying branded insecticide products. So that is another indicator which as it plays out, I'm very hopeful that the second year -- second half will get a bump up of that. Third part is there are new additions to our portfolio. As part of our diversification drive, and as we have said in earlier discussion that over the LRP, this business in 5 years will be a very different business in terms of its dependence on multiple crops.

We want to get out of that. So as part of that, the first maize herbicide has got off to a rocking start for us. We have rolled out Ashitaka full-fledged in this season. And I'm happy to share that we are -- we have gone beyond our initial internal plans, and it's done very well for us. We have a small Ashitaka season coming up in South again in quarter 3. So we are having that as an opportunity.

And the new product, which we just started rolling out right now is as our insecticide product, which is Takai. It is scaling up. It's a product which pans out around 5, 6 months. It doesn't have one big window of seasonality like cotton herbicide has. So it should play out and scale up given our capabilities of distribution and marketing over the next 5 months, which was not there in the base last year.

The third is we have rolled out a soybean herbicide, which is Ghassnash, which again has multiple areas of application. So that again should play out again as a new product innovation for us. So if you see there are, one, better weather patterns for some of our 2 large products of the second half. And then I think there are 3 new interventions that we have in our portfolio.

This, along with the subdued base of last year, gives me hope that we would do a decent recovery. What that recovery exactly would be, I think, depends on how the overall assessment of first half we can take. So give us time till September end to take a real point of view on that. But there are a lot of positives in this business, which as we enter the second half. So that was the Crop Care answer.

The other one on the Astec, what I would do is I've got Arijit also with me, who is the Chief Operating Officer of Astec. So Arijit, maybe if you can come in and answer Abhijit's question on that.

Arijit Mukherjee: Sure. So Abhijit, in the last earnings call, we gave a revenue projections of around 20%. So now after Q1, we are confident that our growth will be now -- at least full year basis, it will be more than 20%. So you can consider our earlier guidance to be -- now guidance to be at least more than 20%. Whatever is the 8% or 9% dip in Q1, we'll cover up in the coming quarters.

Regarding CDMO, now CDMO is also dependent on a little bit change in the demand and production shift of the customers. So now we are seeing a little bit shift from H1 to H2, though the orders are there and the orders and discussions are going on. So we will see more of the shift in terms of H2. But overall, for the year, dissilience will be around 50% - 52%. That's from my side. Did I miss anything?

Sunil Kataria: The last question that you asked for is overall guidance for the year, right? So again, a little early, right? We had given a guidance of roughly around mid-teens. So again, I said, a lot will depend on the assessment we can take on the Crop Care business impact towards the second half.

But I think one thing we're still pretty confident of is that we'll be able to target a double-digit growth still. Now where will that double-digit end up in the range? I think I'll be in a better position to tell you by the end of quarter 2.

Abhijit Akella: Thank you so much. That is really helpful. Just one last thing for Arijit. So Arijit, revenue growth I got 20% plus. Anything on the margins that you might be able to comment?

Arijit Mukherjee: So margin for CDMO margins is intact. And in terms of enterprise margin for the first quarter, we had a little bit of advantage. This one advantage was because we were having some low-priced raw material and also because of the war and other changes, the finished good prices increased. Whereas in last 1 month, the prices are slowly coming down. So margin is coming back to the normal. CDMO will always be on a higher side and it is intact.

Abhijit Akella: Thank you so much. I will come back in the queue for any more.

Moderator: Thank you, sir. The next question is from the line of Probal Sen from ICICI Securities. Please proceed with your question.

Probal Sen: Thank you for the opportunity. Good afternoon, sir. Just wanted to expand a bit on the palm oil business strategy shift that you spoke about. Just wanted to understand whether it will require any additional investment in the sense that will our capex run rate sort of go up to sort of make this diversification? Or is the integrated facility that we are putting up already covers the kind of flexible packaging and customized products that we are basically looking to launch as part of the -- moving towards the B2B consumer-facing initiative that you just spoke about?

Sunil Kataria: No, no. Thank you, Probal. So Probal, in any case, we have given a guidance of roughly around INR300-odd crores to INR350 crores of overall capex at a business level. All these are assumed already in this. This is no new investment. It is a very planned investment, which is going in phases over the maybe 3, 4 quarters. And it's part of the initial assumption that we have given in the guidance we have given. That is very clear.

The two key investments have happened right now or are happening right now. One is the integrated complex, which has already kicked off. First phase of that has kicked off this year. The second phase would come in maybe the later on part. And the other one is specialty, all covered under the broad INR300 crores to INR350 crores of capex and all working at a healthy IRR rate that we've talked of.

Probal Sen: Understood, sir. The second question I had was with respect to probably the relative underperformance of the dairy and frozen foods business. Obviously, there has been a fairly noticeable shift in terms of the share of branded products. But what kind of pricing pressure did we see in Q1? And has the environment changed at all in Q2, in the early half of Q2 from what we have seen? How can we sort of look at this business going forward, Dairy and Foods?

Sunil Kataria: Yes. So let me actually take the food business, and I would like to take a little time to give a little bit of clarification on the food business to all the stakeholders on the call. So actually, our Godrej Food business is doing exceptionally well. And somehow, maybe we have not been able to maybe picture it, we give a right clearance on guidance or clarity in the way numbers are coming out. So I would like to delayer it a bit on this.

There are three parts to this Godrej Foods business or the frozen food business. One is the live bird part. One is what we call within branded, but branded has two parts to it. One is the B2B part of the business, which is where we supply to the players like KFCs, food service restaurants, etcetera. And the third part is pure consumer business, which is like any other food consumer business, which is yummies as well as the real good consumer part of it business.

Clearly, the strategic shift, which we have talked of, we are going to bring live bird down -- live bird trading down completely over the next 3 to 4 years, and it will remain only a back-end supply chain for our B2B and B2C businesses. So that's one shift. So whatever we -- you're going to see the numbers in cumulative numbers, that planned degrowth of 15%, 20% every quarter, every year would happen until we make it zero or zero, I would say, maybe marginalize maybe INR20 crores, INR30 crores over the 5-year period.

The second part is what we are focusing on between the balance part of B2B and B2C. Our truly branded business, which I -- we are focused now is branded B2C business, which is different from the what till now we've been calling branded B2B and B2C both have been there.

Now the entire shift is to genuinely become a proper frozen food or protein forward food company in this business, where the B2C business scales up to a very significant level. And that business is -- which is Yummiez as well as real good B2C business actually is growing at a rate of 20% plus every quarter. We grew at 23%, 24% last year.

We have, in this quarter, again grown at a 28% volume growth, even on the growth of last year. And this is a business where all investments are going in. And we can talk maybe separately required more detail on this. There is a huge amount of NPD pipeline, which is coming into play, and I'll talk about a few NPDs. There is going to be -- there is advertising investment going behind this play.

And there is a little bit of more investments going behind our plants on automation to build these facilities forward. Because the intent finally is that we will have a big mass scale salience coming out of our B2C businesses. Interestingly, this business itself now has reached 32% salience of the total Godrej Foods business. But while we see this business growing at 28% volume and roughly around 20% value, overall growth seeing something like 1% to 2%, and there's a question, I think, which is following up on this because we are doing a planned degrowth in our live bird business.

So I think if we have to really put a true value to this business, the true value of this business is that this is going to become a B2C foods company, which in the future scheme of things, it should reach something around, I think, 65-odd 70% of this company should be finally at the end of LRP period, a B2C company with a very healthy margin.

The only difference is we'll be in an investment phase. Hence, just like any other classical FMCG company which goes into investment phase, I would say 3 to 4 years, we should see overall maybe EBITDA plus advertisement together until this business is fully scaled up. Now that's the strength of that business. The NPDs, which we are investing behind, we have done a very large-scale expansion of new products under Yummiez Nugget product itself.

So there is products like crispy bites and many more products which are coming with interesting additions of sauces, which are going behind it. So it's like actually becoming a full cuisine product. Secondly, we have rolled out a new category, which we believe has a huge potential over a period of years. It's a category creation job, which is momos, frozen momos because India has a very large street food segment of momos. We have rolled out chicken momos and chicken cheese momos around 4 months back.

In another 3 to 4 months, we are looking at rolling out wet momos, so that opens a wet segment for us. Now this will be a gradual climb like any other category creation, but it opens up a completely new portfolio for us. And the third is we are betting heavily now on frozen chicken. And the frozen chicken travels anywhere in the country versus fresh chicken, which doesn't travel beyond a few kilometers.

We believe that frozen chicken is an opportunity, which again is a category creation job. with a classical marketing and distribution category creation job, which if invested behind, can over a period of time, become a significant category where unbranded chicken to branded chicken can happen. And we have an advantage there because we control the entire supply chain and quality and processing of chicken. So, it actually comes from what we call is our own managed Godrej managed palms.

So the business has to be seen in this slide that maybe we are at all that we may not have given this clarity earlier, but this is the shape of this business taking shape. And the business that we want to build is growing at 20% plus.

Probal Sen: I understood, sir. And if you can just spend a couple of moments on the dairy part as well.

Sunil Kataria: Yes. Now coming to the dairy part. So the dairy business is another business which is in a bit of a transformation right now for us. I would say Godrej Foods is in the middle of what I call my strategy a scale up and shift to becoming a majority B2C business. CDPL business is undergoing a bit of a correction and transformation right now.

And that's the piece which again is a large strategic piece taking shape. We are doing a bit of a, first of all, consolidation of some geographies. We are very seriously looking at with a strong lens on which are the markets which are profitable for us, which are the markets we have right to win, and we are reconstituting our route to market completely. And that's going to be roughly around an 18-month exercise to 20-month exercise in my mind, which is kicking off with a pilot in coming months.

And then with the -- under the leadership of Gaurav, who's the new CEO, we are going to be rolling out this entire route-to-market transformation that we'll do. That's pillar number one. While the question you've asked is here now, but I just want to take the opportunity to give that lens also to -- of a bit of strategy to all the stakeholders.

Second piece, obviously, is that we are, again, pressing very hard on the value-added portfolio there. Our salience is going up, but the shift that we're going to do is we will double down on this value-added growth, and we will make it a little more premium and more profitable.

So there is some work happening on that because we believe we can command more contribution margins over a period of next 18 to 24 months on this business if our new NPDs and our investments behind route to market and these products go right. So that is the critical third pillar.

Coming to the point, the third one, which you're talking of is how is our pricing piece playing out. The two good pieces which again get hidden up in this first quarter of CDPL is CDPL volumes have grown at 8% after quite a few quarters. So that is one good sign that we're having that we have seen a very high single-digit 8% volume growth, which has translated into a 11.5-odd percent of value growth.

So this is the first good top line recovery that we are seeing. Second piece is we have seen 2 extraordinary events panning out, one which I believe is a bit long term and one is one-off. The one-off one, let me talk is the Iran war, the Middle East war, which led to LPG inflation and which led to packaging shoot up linked to crude oil prices.

Now none of us were prepared. We tried to mitigate and pass some of it to the packaging part, but the industry did not pass on the full packaging part, and we obviously were constrained by that. So that itself is in a very significant part in our P&L. Otherwise, if I were to just take out the packaging impact, our P&L would have a little different look given that it's a threshold level for us. And the second is on the milk prices.

The milk procurement prices have been very inflated over the last 4 quarters. That we believe will right now stay same over the next 2 to 3 quarters. And that, I think, is a bit of a long-ish play, which is happening in the industry. We have all been passing on roughly around 70-odd percent of pricing to the market. There is a constraint, which I think everybody is playing -- doing a balancing act between consumer acquisition as well as pricing power. So I think 70-odd percent is getting passed up there. These 2 impacts are what you would have seen impacting us in the quarter.

We believe the packaging inflation impact led by Middle East will get over by August because of certain inventories everybody has been carrying. And I think the milk prices will continue. The way we'll handle this is there may be some impact coming still in the quarter 2, but we are going to focus on growth. And we have done a lot of cost initiative projects internally. I had told about that we had done this Project Pi last year also.

We have continued that. We will try to double down on more cost initiatives to mitigate it over the second half of the year. But again, I think the focus is on driving value-added growth, driving value-added growth profitably, but a big chunk is the Altium transformation, which is going to play out for us in the interim period. These transformations, along with the NPD journey and investments is going to make CDPL turn into a value-added products company.

Probal Sen: Understood, sir. Thank you so much for the detailed insight into the businesses. I'll come back if I have more questions. All the best.

Moderator: Thank you, sir. Ladies and Gentleman to ask a question please press * and 1 now. Participants who wish to ask question please press * and 1 at this time. The next question is from the line of Vanshika Jain from Aequitas Investments. Please proceed with your question.

Vanshika Jain: So, thanks for the opportunity. My first question was regarding the animal feed business. We have seen a huge price increase in the maize prices. So how much of that are we able to pass through? And would it -- how is it not impacting our volumes? Or is there some impact? The maize prices impact on the volumes and the margins as well.

Sunil Kataria: Actually, if you see, I think our teams have kind of managed the overall volatility of commodities, which have played out very, very, you know, erratically and violently in the -- almost violently, I would say, given the impact which has come from the war to the industry. But I think full kudos to our teams.

I think our procurement teams and strategic sourcing teams have done a very good job of navigating through, I think, some very good skills and abilities that our teams have. So I think that's something, I would say, we have navigated much better than maybe the rest of the industry. So that is one part. It is -- we have roughly would have passed on roughly around, I think, 60% to 70% of this again to the market.

But if you see despite all that, two things have happened that, a, our volumes have grown. We have clearly last time also told the street here that our focus is going to be the dairy business and the fish business. And we are going to be a little more selective about the poultry business in making choices in geographies. So clearly, our cattle feed business has grown at 15%. Some of our other segments have grown very well.

Fish business has grown pretty well and overall leading to a healthy 7% volume growth for us. Some of it is a planned choice making that we have let go in the unprofitable segments within poultry or geographies within poultry. And those are conscious choices that we're making.

This, if you see, as a result, has led to a healthy revenue growth, healthy volume growth. And if you see our EBIT margins also have been holding up pretty healthily. So overall, I think this is a journey that is playing out. There is definitely some benefit in this quarter result of us having bought commodity maybe more smartly than others, which may not be exactly structural.

But I think there is definitely a structural play, which has started panning out for us. Hopefully, that should continue. We are also being helped what is -- in a way, a challenge of CDPL, which is the milk procurement prices.

When milk procure prices are high, it also structurally benefits the animal nutrition industry because then if you are able to give them premium feed, which is actually delivering higher productivity, farmers tend to upgrade to such premium branded products. And that is something also which is happening. We have seen our premium products doing pretty well in this last 6 months as well.

At the same time, maybe I will also take this opportunity to talk about one, again, new disclosure that we are doing and which we have not talked in the past is within Animal Nutrition, we have an India business, but we also have a very exciting Asia Godrej Bangladesh business. That's a business which is coming back, which again is a focus area for us. That's a business which is on a major turnaround right now.

We have a new leadership team in place there. We have started new initiatives in terms of product development there. And the first quarter of that turnaround, I think, has started. We have driven a very strong double-digit volume value growth across most segments. Wait and watch. I'm pretty hopeful of that business doing also strongly for us in the coming years.

Vanshika Jain: Okay. Thank you, sir. My next question was regarding the Oil Palm business. We had FFB -- flat FFB volumes this quarter, and you said the reason was earlier onset of rain last quarter. But still, I mean, what is the volume growth we are seeing in the next quarters? And what -- why has the margin declined this quarter?

Sunil Kataria: Full year basis? Okay. So two parts to this. Okay. So this -- first of all, you understand there is a reasonable amount of seasonality which plays between quarters in this business. So the jury of this business should be really how do we deliver the year rather than just only quarter-to-quarter because sometimes this fruit bunches output from trees can vary with showers, which happen early or later, right?

So that does -- Palm is pretty receptive to that. Last year, there was very clearly -- if you see the whole India had seen very early onset of monsoon somewhere around April, May, early May itself, so which has led to something which is a very high output of FFB in the first quarter. This year, in fact, India has seen the reverse.

We've seen the driest quarter. In fact, the pantry has really, I would say, been very resilient to the driest of June, right? And we still managed to hold on to last year's FFB. And that, I think, again, talks of the strength of our work on the ground that against a very strong early monsoon to a driest of June, we have actually been managed to hold on to our FFB.

I think it's a great work on the extensions, plus it is also part of our -- some of the double dividend, which starts coming to us every year. Having said that, coming to the second point on -- the second part, which again, I'd like to reinstate is there, then comes the second part of this business strength is what are your operating efficiencies.

We have actually delivered again a very, very strong OER this year, right, which again is better than the OER of the same quarter last year, which again is the work that we are doing internally. And that again talks of the work which is being done by the team in the value chain. And the third part I would say is while the margins may look a little smaller drop here.

But I think overall in the year, as the season is a bit shifted, we, by the end of the year, should be able to make up almost this. So I'm as of now, no concern in terms of whether this is anything impact structurally. It's maybe a bit of a phasing of the season.

Vanshika Jain: Sir, palm oil prices have been really high this year as of now, even despite the flat FFB volumes, OER has improved. So why has margins not improved? You're saying we'll recover in the full year, but still as of quarter 1, why have the margins declined on a Y-o-Y basis?

Sunil Kataria: So there is -- see, there are some -- okay, I'll tell you this what happens. There is some impact in every month, which sometimes come is that there's a formula of pricing, which comes -- changes from the government intervention on a month-to-month basis. There's a small impact of some formula which would have come into this quarter, which has happened, which I think we have enough initiatives to mitigate.

We don't see this as a structural issue. Again, I'm telling you that this is more of a one-off, maybe a quarter of impact. I think we are expecting second and third quarter, which are our peak seasons to behave differently unless until some very disasters happen on the El Nino side, which palm trees don't react immediately to this. So that is something I still hold on that we can do well.

The second part on this is that maybe I got to mention that we still believe that at the end of the year, we'll be able to give around high single-digit to double-digit FFB volume growth. So that should happen, coupled with our OER efficiencies, coupled with some of these mitigation plans that we have and some other initiatives we also have on the value-added side because our specialty fats factory will also start coming into play in the second half of the year, not full fledged, not full steam, but the early ramp-up will happen. I think we should be managing our margins pretty effectively.

Vanshika Jain: Okay. So, thank you. My next question was regarding the animal feed business only. I've seen the segment liability of the animal feed business have risen drastically in the last year. What is the reason behind that? Are the payables also growing? And what is the EBIT per tonne guidance as the maize prices are increasing?

Sunil Kataria: Just give me a second. So first of all, as I said, obviously, this has been an extraordinarily strong performance for us. So if you see our EBIT per tonne guidance has always been in the range of around INR2,100 -- I would say, INR2,050 to INR2,200 in that range. And we have actually delivered EBITDA per tonne again in this quarter, again in that range. This has been, in fact, slightly a little higher, right? It's a little much higher, I would say. If I were to give a guidance, I think we'll still stay -- you can safely take a guidance of around…

Moderator: Ladies and gentlemen, the line for the management seems to have dropped please hold while we reconnect them. Ladies and gentlemen, the line for the management has been reconnected. Thank you, and over to you, sir.

Sunil Kataria: Yes. So, I think some part I was saying is strategic sourcing, but I think we are still holding on the guidance of around INR2,100 to INR2,050 to INR2,150 kind of EBIT per tonne. We are also doing premiumization of our portfolio. We are doing geography expansion of the markets. There are new geographies which have been focused. We have done an NPD pipeline. So I think that's the more structural factors will play out for us.

Vanshika Jain: Okay, sir. My next question was regarding the Crop Care business. You said in the last con call that we were expecting some kind of recovery in quarter 2 of this year. And also this year, monsoon has impacted our business. So are we seeing some traction there? And what is the share of Ashitaka and Takai in our segmental revenue as compared to 3%.

Sunil Kataria: Yes. Okay. I think I've just answered the first part already in Abhijit's question. Maybe I'll just recap. As I said that the first quarter obviously impacted as a crazy June, which happened. The second quarter also is -- we've seen monsoon play a little erratic. I should be able to give you a sense of the Crop Care business, as I said, as to what is the likely guidance for the year more by end of quarter 2.

But at the same time, I've said there are so many positives for us in the second half apart from the lower base, which I talked about those four, five new things that are playing out for us. So, I think that's where the positive side lies for us in the second half. In terms of what -- the success of Ashitaka, which has happened till now, okay?

I think Takai is early days. And Takai rolls out over a period of 5, 6 months, so that months are still starting off. But Ashitaka, which is the first phase of the year, big launch is over. Happy to share that between Ashitaka and Takai put together in the first year itself or the first season itself right now, they will be contributing close to 18% to 20% of our Q1 sales.

Vanshika Jain: Okay. Thank you so much, sir. That's all from my side.

Moderator: Thank you, ma'am. The next question is from the line of Arun from Unifi Capital. Please proceed with your question.

Arun: Yes. So, my first question is on the Crop Care business. How do you see the margins on Ashitaka, Takai and Ghassnash compared with Hitweed? And where do you see the EBIT margins settling once the diversification matures?

Sunil Kataria: EBIT margins for the business you're talking of or?

Arun: Yes, the total business. Crop Care.

Sunil Kataria: Just give me a second. Yes. So okay, on the Ashitaka, Ghassnash and Takai. So, one thing is that I would say maybe I would not like to exactly tell the full margins because of certain confidential reasons. Two parts are playing out. First of all, the margins would be lower than Hitweed margins because there's a difference between in-house products and in-licensing products. So the profile of margin will be different, right?

And that is one piece. The second part of the piece is that we also double down as we get scale, 2 benefits come our way. One is the scale benefit starts coming our way even with in-licensing partners. So we actually then can get a scale leverage, which we believe will happen once these products become successful as per our plans. And b, we are able to drive again back-end efficiencies ourselves in our operational chain itself.

So we do these cost projects, etcetera, which again, we will work -- we are working on already. So as going forward, I would say, not the Hitweed margin because they are different, but still pretty healthy margins, which these products will be coming at. These are not generics. These are not specialties. These are pretty healthy, decent margin products for us.

And that's why we're going to invest behind them and make them bigger for us because we want this diversification to play out very, very strongly for us over the next 5 years. And overall, in terms of EBIT, I think we have had industry-leading EBIT always. So I think we believe roughly despite it being a tough year, we believe we can still hold on to roughly around 26%, 27% kind of EBIT margin.

Arun: Got it. And my next question is on the Animal Nutrition business. So the cattle feed has grown by 15%, whereas the segment growth -- volume growth is only 7%. So the -- does this mean the other feed businesses are dragging? Is that a deliberate strategy? And how do you see the non-cattle verticals going forward?

Sunil Kataria: Okay. So there's a conscious strategy as said. We have done a full strategic exercise, as I've been talking about it in the last few months. We have done a full strategic relook at our where to play, how to play and what to play in every business. We clearly do not want to play in certain geographies of the poultry segment. So while we are not exiting poultry, we still believe within poultry, there is a lot to do, but we'll do it in geographies of our choice. That's the call that we have taken.

So that's where this whole -- the planned degrowth of poultry is visible to you. But I can tell you what is happening as a result of this, we are playing poultry in the geographies which we think are worth playing in terms of scope of growth as well as profit margins or contribution margins for us.

So yes, some of the growth impact that you're seeing is a planned volume degrowth in the poultry segment. But at the same time, our other focus area, whether it is the fish feed, whether it is other feeds like swine feed and the cattle feed, all three are growing pretty healthily for us. And in fact, I can give you some other number. Our fish feed volume actually has -- this is what? Okay. So our overall fish feed business has actually grown at around 20% plus. It's ahead of even cattle feed business.

Arun: And what would be the size of -- compared to the total segment, the fish feed business?

Sunil Kataria: It's a smallish business right now for us. It contributes to roughly around 7% of our business.

Arun: And what is the Cattle's share?

Sunil Kataria: 55%, 56%.

Arun: Got it. And also on oil palm business, realizations were up 18% this quarter and the extraction ratio has improved. But as I said, the EBIT margin has fallen from 19% to 17%. So, it appears the higher CPO prices, they largely are passed to the farmer than to the company. So, your thoughts on this, sir?

Sunil Kataria: No, I think I just answered Vanshika's question on the same point. As I said, part of it is due to the certain formula changes, which happens sometimes within the quarter itself. I think that played out a bit, which is the pricing formula piece. But I think the bigger part of that is the advantages that we get through the OER and through FFB volume growth.

What has played out in this is that our F&B volume growth was flattish, which I've explained, again, is a pure seasonal piece because last year was the bumper monsoon this year, the bumper deficit despite that we were able to hold on to FFB volumes. So a flattish FFB volume growth, but still overall oil growth was higher because of the OERs.

Coupled with this formula, you are seeing this marginal drop in the segment margin percentage, but we are pretty confident that over the course of the quarter, as overall FFB volume grows, we get more scale efficiencies because the factories can also run at more efficiencies as more volume flows in. There are a lot of moving parts in the back end also of this business that if you get more volume flowing into your business, there are some very fixed overhead which start getting split up of the business. So there's those nitty gritties. I think that will even out for us over the year.

Arun: And we also wanted to understand the -- how the business segments interact. Cattle feed, dairy, they are industry linked. High procurement, they hurt cream line, but they seem to drive the cattle feed volumes. And is there any correlation between your cattle feed and crop protection, sir? Have you done any such exercise?

Sunil Kataria: No, we -- okay, not that have done any specific in recent times ever since I've joined. No, I have not seen any excess. But intuitively, the knowledge that resides in the business, we have not come across any direct linkage or correlation between cattle feed and Crop Care. See, Crop Care, again, is such a diverse business that within Crop Care, the segment itself can behave differently.

I can tell you the cotton herbicide is a segment which behaves in a very narrow window. It is not about the overall quantum of rain. We have seen that a very crazy amount of heavy rain can also be detrimental. And obviously, droughts are not good for any of the crop businesses. So that has own spark window. Similarly, insecticide behave differently and let's say, maize herbicide behave differently.

So I would say Crop Care has no relation to the cattle feed and Crop Care has its own patterns within product segments. But the synergy that we really see is there are synergies between -- I mean, there were linkages between the milk prices, which impact cattle feed and CDPL.

In fact, there is one synergy which we have not maybe driven enough but I don't know whether we can drive at some stage is whether we can drive some synergies between our back end of our CDPL business and our Animal Nutrition business, which is a possible future synergy for us that we have a large-scale farmer network who supply us milk and they are also ready consumers of animal feed. Very honestly, between the two businesses, we have not driven that synergy until now, could be a possible work in the LRP period.

Arun: Got it. And on the Labour Code wage hike, is there any additional provisioning or something that is planned for the next few quarters or all the hikes have already been taken?

Sunil Kataria: I'll ask SV to answer this.

S. Varadaraj: Yes, we have factored in all the impact of the Labour Code already. So we do not expect any additional impact because of that.

Arun: Okay. Thank you. That is it for my end, sir.

Moderator: Thank you, sir. The next question is from the line of Hardik Solanki from ICICI Securities. Please proceed with your question.

Hardik Solanki: Thanks for the opportunity, sir. A couple of questions. Number one, as you mentioned about the reason for the decline in Crop Protection segment. But just want to know if you compare with the other listed peers who have declared the results, basically their volumes in terms of the revenue, they have outgrown much more even in the weaker environment. So I just want to understand whether it's only because of the volume that is flowing through the dealer that has given their volume? Or how is it or why we are lagging behind the what industry?

Sunil Kataria: So Hardik, very clearly, the segments behave very differently in this industry. I mean there is -- I mean, the whole pattern of crops and the placement of products with -- portfolio within each company is very different. Like I told you that we have -- right, currently, we have that huge concentration of the Crop Care business historically over the cotton herbicide segment, which over the period of years, we have, let's say, in the last couple of years, we have built now the Gracia, which is the chilli segment product insecticide.

And we've talked about 3 new launches which are happening, which is gradually going to take us out of the dependence on the cotton herbicide. The results between -- it's better to compare whether there's an execution issue or whether it's a macro environment question, which is the question you're asking, would be -- if we can compare the same segment to same segment performance between companies if that information is available, right?

So we try to get that competitive information through our own intelligence. As we have information, it's not that we have lost out in any form to any competitive player out there. It is more a macro environment thing, which is playing out for the cotton herbicide right now than anything else. Many of the other players have very other different segments, and that's what our intent is to become a multifaceted crop segment company over the years.

Hardik Solanki: Got it. That is really helpful. Secondly, as you mentioned that our oil extraction ratio has improved on a year-on-year basis. Can you just help me with the number and along with the absolute FFB volume?

Sunil Kataria: So our number last year was 18.4% in quarter 1, same quarter. And this year, that number is 18.8%. Number is flat over last year, which I said I'm pretty happy that it's flat despite the fundamental shifts of the two seasons. One is huge amount of rainfall happening last year, which helped farm trees immediately increase its equity versus the driest June, which happened that year.

And I think it's a lot of credit to our teams and the extension work. And I think also the demographic dividend, which came into handy for us also, which helped us hold the volumes because we are expecting the season now to shift into the coming quarters.

Hardik Solanki: That is really helpful. Thank you, sir.

Moderator: Thank you, sir. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to Sunil sir for closing comments.

Burjis Godrej: This is Burjis Godrej speaking. 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. Thank you once again for taking the time to join us on this call.

Moderator: Thank you, sir. On behalf of Anand Rathi, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.