

FROM THE DESK OF THE **CHAIRMAN**



Mr. N. B. Godrej
(Chairman)

Dear Shareholders,

In the Financial Year 2018-19, while India's Gross Domestic Product (GDP) is expected to grow at a lower rate of 6.8% as compared to 7.2% in the previous year, the agriculture and allied activities sector is expected to grow at a much lower rate of 2.9% vis-à-vis 5.0% in the previous year. This is because Indian agriculture is highly dependent on the monsoon which was lower than 'normal' this year and the rainfall distribution was erratic and patchy. Also, more than one-third of the districts in the country reported deficient rainfall with a few states being severely hit.

Despite a difficult environment, Godrej Agrovet was able to grow total income and maintain profitability levels during the Financial Year 2018-19, thanks to the diversified business portfolio of the Company. Consolidated total income (excluding non-recurring income) during the current year grew by 12.6% year-on-year. Revenue growth was supported by the animal feed, vegetable oil and crop protection businesses. Profit before tax

excluding non-recurring and exceptional items, was similar to the previous year as profitability was impacted by high raw material prices, mainly in the animal feed segment.

Godrej Agrovet has taken multiple steps in the current year to strengthen its market position and prepare itself for the long-term growth across businesses. In the Animal feed segment, focused efforts to increase market presence led to volume growth of 14.2%, which is the highest in the last 5 years. In the crop protection segment, your Company introduced new products with the objective of upgrading the product portfolio from solo products to ready mix products. In the food businesses, namely Dairy and Processed Chicken, new products were launched under the brands 'Jersey' and 'Yummiez', respectively, to increase the range of branded food products.

Your Company has been continuously investing in capacity addition and backward integration projects. In the current year, a few projects have become operational which will help us in capturing growth and in improving profitability. In our subsidiary, Astec LifeSciences Limited, a new plant has been set-up for backward integration which would reduce dependency of raw material on external suppliers and improve efficiency levels. Our new oil palm factory at Seethanagaram has the latest continuous sterilisation technology which will enable us to increase the oil extraction ratio. In the processed food segment, the state of the art plant being set up for the vegetarian product range in Ludhiana has become operational and we plan to offer new vegetarian ready to eat product range in the coming fiscal year.

For Financial Year 2019-20, the Indian Meteorological

Department (IMD), in its recent monsoon forecast for the season, has predicted a normal monsoon. This is positive for the agriculture sector as a major portion of country's crop production is dependent on the monsoon. The government also places a lot of focus on the development of the agriculture sector and has announced multiple measures in the interim budget with the objective of boosting the farmer's income. These schemes and measures, if implemented well, can bring a lot of benefits to farmers and the agricultural economy in the long run. Your Company is also expected to benefit in the medium to long-term, given these great opportunities. The focus of the Company will continue to be on its strategies of increasing the market share in existing business verticals through investment in Research and Development and new technologies, expanding the product portfolio across verticals and looking for opportunities to inorganically grow the business offerings. Your Company remains encouraged and confident of achieving its long-term objectives of inclusive, sustainable and profitable growth over the medium-term.

In the end, I would like to take this opportunity to thank all our stakeholders for their interest in the Company. I would also like to extend my gratitude towards our business partners, associates and vendors for their sustained support. I would also like to express my sincere appreciation to all our employees for their contribution and support.

Yours sincerely,

Nadir Godrej
Chairman, Godrej Agrovet Limited