Management Discussion and Analysis

Indian Economic Overview

Global economies were impacted over the last 2 years by uncertainties and volatility on account of Covid-19 fallout, prolonged Russian-Ukraine conflict and monetary tightening by central banks amidst inflationary trends. Despite this, India maintained its position of the fastest growing economy in the world for both these years. India's Gross Domestic Product (GDP) is estimated to have expanded by 7.2% in FY 2022-23 as per the latest estimates released by Central Statistical Office (CSO). Relatively quicker recovery from pandemic and robust GDP growth in FY 2022-23 was reinforced by buoyant private consumption and strong capital formation bolstered by the government's continued capital expenditure push even during the pandemic period. Government's continued policy thrust on capital expenditure through infrastructure spending was visible in the Union budget for FY 2023-24 as well with increased capital investment outlay by ~37% to ₹ 10 Lakh Crore. Reserve Bank of India's [RBI] Economic Survey released in February'23 has listed number of positive factors supporting robust growth momentum such as:

a) Universal vaccination coverage enabling rebound of spending on contact-based services (restaurants, hotels, shopping malls, and cinemas) and the return of migrant workers in construction industry
b) Performance of high-frequency indicators such as GST collections crossing the ₹ 1.4 lakh crore benchmark for twelve successive months, increasing electronic toll collection levels, robust energy demand, robust tractor sales, auto sales and high UPI transactions
c) Increased credit appetite of well-capitalised public sector banks and the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector etc.
d) Strengthening of the corporate balance sheets

India is set for another record year of merchandise exports having registered 6% year-on-year growth to reach an estimated $447.5 billion during FY 2022-23.

The sustained resilience of Indian economy amidst global uncertainties is expected to continue in FY 2023-24 as well. As per consensus forecasts, India's GDP growth in FY 2023-24 is expected to be in the range of 6.0% - 6.5%. The primary growth drivers include robust private consumption,
Government's firm focus on infrastructure spending and enhanced credit growth supported by deleveraged corporate balance sheets coupled with improved asset quality of the banks. Strong infrastructure push under the Gati Shakti (National Master Plan for Multimodal Connectivity) initiative and logistics & industrial corridor development is expected to drive industrial competitiveness in the long term and support future growth.

In FY 2022-23, the world also witnessed end of quantitative easing by all the major central banks. Major central banks in fact resorted to Quantitative Tightening to rein in the soaring inflation.
Following aggressive rate hikes by US Federal bank from 0.4% in April'22 to 4.9% in March'23, RBI also raised the repo rates by 250 bps from 4.0% to 6.5% during the same period. Inflationary pressures have now started easing with a transmission of softening WPI inflation expected soon on CPI inflation. Forecasts by various international agencies show moderating inflation in India in FY 2023-24 in the range of 5.0%-6.0%, within RBI's target range.

Indian Agricultural Sector Overview

Agriculture and allied sectors continue to remain one of the most important sectors of the Indian economy and is the main source of livelihood for ~55% of India's population (Source: India Brand Equity Foundation). India is the largest producer of milk and pulses globally and continues to be the second-largest in production of rice, wheat, sugarcane, cotton, groundnuts and fruits & vegetables. India also ranks amongst the top economies in production of fish, spices, poultry and livestock. The agriculture and allied sectors have remained resilient throughout the several external disruptions and is estimated to have grown by 4.0%

in FY 2022-23, as per third advance estimates by Central Statistical Office (CSO). The sector accounted for 18.3% of the total gross value added (GVA) during the FY 2022-23.

While headline rainfall numbers for FY 2022-23 reflects above average monsoon, the season was marked by highly erratic spatial distribution, extended withdrawal of monsoon and instances of flooding & crop damages. Out of 36 subdivisions, 12 (40% of total area) received excess rainfall and 6 (17%) received deficient rainfall. Southern and Western parts of the country received excess rains while Eastern region witnessed rainfall deficit for the entire season. Uneven monthly as well as geographic spread of south-west monsoon led to lower sowing of Kharif crops, mainly paddy and foodgrains. Rabi season was also delayed due to extended withdrawal of southwest monsoon and untimely & heavy rainfall in October.

Nonetheless, India's total food grains production was estimated to reach all-time high of 330.53 Million MT in FY 2022-23, a growth of 4.7% year-on-year led mainly by rice, wheat and cereals (as per third advanced estimates). Backed by remunerative prices globally, India's agri export also reached all-time high of ₹ 32 billion in FY 2022-23, a growth of 11% year-on-year. In 2023, overall monsoon is expected to be normal with expected rainfall at 96% of Long-period average (LPA), despite delayed start (Source: Indian Meteorological Department). While it is too early to predict evolving El-Nino conditions, any kind of impact is likely to be in the end-stages of monsoon.

In the Union Budget for FY 2023-24, Government of India has continued to focus on this sector and has made substantial budgetary allocations as below:

Union Budget FY 2023-24 – Highlights for the agriculture sector

- **Agricultural Credit target of ₹ 20 Lakh Crore for FY 2023-24, an increase of 11% year-on-year**
- **₹ 8,514 Crore has been allocated to the Department of Agricultural Research and Education.**
- **Plan to set up a digital public infrastructure for agriculture as an "open source, open standard, and interoperable public good". This will enable inclusive farmer-centric solutions, market intelligence and support for the growth of agri-tech industry.**
- **The Agriculture Accelerator Fund to be established with corpus of ₹ 500 Crore over a period of 5 years to encourage agri-startups by young entrepreneurs**
- **Allocation of ₹ 450 Crore for Digital Agricultural Mission and ₹ 600 Crore for the promotion of Agriculture sector through technology**

In view of the abovementioned, agriculture output is expected to remain robust and the sector is likely to continue on a growth path.

With regards to commodity prices, FY 2022-23 witnessed a softening of key commodity prices in the latter half of the year with world adapting to geo-political tensions, opening of grain export corridor from Ukraine and bumper sowing of all the major crops in key producing nations such as Soybean in Brazil and Maize in US. As per the World Bank report on Commodity market outlook, the World Bank commodity price index fell by 32% from its historic peak in June 2022. In addition, crude oil prices fell from high of $138/barrel in March'22 to Low of $70/barrel in March'23 amid the apprehension of deeper global slowdown. Nevertheless, as per the World Bank, "commodity prices still remain well above their pre-pandemic (2015-2019) and Agricultural prices are projected to decline 7% in 2023 and ease further in 2024".

Key Business Segments

Your Company is a diversified, research and development focused agri-business Company with operations across 5 (five) business verticals – animal feed, crop protection, oil palm, dairy and poultry and processed foods. The Company focuses on improving the productivity of farmers by innovating products and services that sustainably increase crop and livestock yields. Detailed information on the current performance and future strategy of these business segments is as below:

Animal Feed Business

₹ 4,957 crore
Revenue

1.5 million MT
Volume Sold

15K +
Customer touch points across India

30 +
Manufacturing plants in India

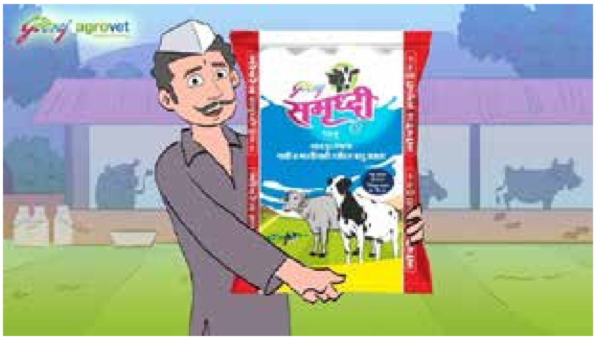
13%
Return on Capital Employed

 # 1
Cattle feed player in Bangladesh

With sustained volume growth ahead of the industry average, Animal Feed business gained further market share in an otherwise difficult year for the Indian feed industry. Your company, led primarily by Cattlefeed and Aqua feed categories, further built on a strong comeback from the previous year and recorded 7% year-on-year growth in volumes in FY 2022-23. Cattlefeed segment continued to reinforce its dominant position in Western region steered by portfolio of new products launched in past couple of years. All of these recent products, with Samruddhi in particular, continued to witness a surge in demand and registered a robust volume growth whereas overall cattlefeed market de-grew during the year. Aqua feed segment also recorded a double-digit growth in volumes in FY 2022-23 led by market share gains in fish feed across key markets. During the year, your company commissioned a new Fish feed manufacturing facility in Uttar Pradesh which will cater to Northern and Eastern regions which are witnessing a rapid growth in fish farming and production.

On profitability front, FY 2022-23 was a challenging year for the feed industry, partly owing to few instances of unforeseen Government interventions in both input as well as output prices which resulted in the Company's inability to fully pass on higher input costs. Aqua feed segment suffered from active price controls by State Government resulting in lack of transmission of input cost inflation. One-off margin contraction in Q1 FY23 owing to Government's knee-jerk reaction of allowing imports of soybean meal loomed large over the entire year as segment recorded drop in profitability. Segment margins have significantly improved in the subsequent quarters with continued focus on maximising Research & Development benefits.

During the year, your company infused additional investment of ₹ 20 Crore in Godrej Maxximilk Private Limited ("GMPL") for business expansion and day-to-day operations. Having stabilised lab operations and onboarded large strategic customers, GMPL continued to achieve new milestones in embryo production and sales.
Godrej Agrovet's 50:50 joint venture with Advanced Chemical Industries Limited (ACI), Bangladesh, named ACI Godrej Agrovet Private Limited, maintained robust growth momentum by further consolidating its market share in Bangladesh across categories and recording 26% year-on-year growth in topline.
In the coming year, Animal Feed business will remain committed to gain further share in its established markets while expanding into newer regions with new product development efforts backed by its R&D setup. Your company will also launch several new initiatives to build a strong brand visibility and a deeper customer loyalty in an otherwise unorganised market. The significant progress made on the digital initiatives undertaken during the previous year across various areas would provide additional support in improving operational productivity and better cost control.



Crop Protection Business

In FY 2022-23, growth in domestic agrochemicals sector was largely driven by higher prices while volumes remain muted. High level of channel inventories with surplus from the previous weak seasons in the domestic markets constrained new product placements and volume growth in FY 2022-23. The Kharif season was impacted by lower spraying opportunities due to crop damages, erratic rainfall and low pest infestations while sowing in Rabi season got delayed on account of untimely and heavy rainfall in October due to extended monsoon withdrawal. The impact was more visible in fungicides, crop nutrition and insecticides categories. At the same time, price hikes were not commensurate with the rising input costs which impacted sector margin profile as well.

For GAVL's standalone Crop Protection business (CPB), FY 2022-23 was a relatively mixed year. Your company registered a prompt recovery in topline while also achieving highest ever sales for the business. The sales growth was led by in-house portfolio comprising of HITWEED range of herbicides coupled with in-licensed insecticides, GRACIA, which was launched only in February'22. Herbicides portfolio registered record volumes in FY 2022-23 while GRACIA achieved a very important volume milestone in its first year of the launch itself. CPB team also achieved a substantial improvement in the working capital cycle and collections driven by concerted efforts in maintaining credit hygiene. However, margin profile was impacted due to lower volumes in the Plant Growth Regulators (PGR) category, product rationalisation initiatives and limited transmission of rising input costs.

During the year, CPB maintained strict vigil on the channel credit levels which restricted sales growth in some of the product categories. Having dealt with operational issues and with a new management team in place, Crop Protection business has taken strong initial steps towards a sustainable improvement in topline as well as profitability. Company's in-house herbicide and in-licensing insecticide products have created a strong niche in the fiercely competitive Indian Agrochemical sector. Going forward, along with the existing product portfolio, your company will also focus on new product development through in-house R&D initiatives and in-licensing collaborations with innovators / large global players.

Your company's subsidiary, Astec LifeSciences Ltd, faced volume headwinds and price corrections in both exports as well as domestic markets. In the export markets, a number of active ingredients and intermediaries witnessed drop in volumes during the year on account of several factors such as high inventories, de-stocking strategies and demand slowdown amid adverse climatic conditions in important regions. As a result, Astec reported decline in revenues and margins in FY 2022-23 as compared to the previous year. Nonetheless, Astec's performance in contract manufacturing (CMO) segment was in line with the expectations with 1.9x growth in revenues as compared to the previous year.

In April'23, Astec inaugurated a new state-of-the-art Research & Development centre, named "Adi Godrej Centre for Chemical Research and Development" in Rabale, Maharashtra. Continued investment in a future-ready Research & Development facility reflects your company's commitment to long-term growth and value creation. The world-class facility, equipped with synthesis lab, formulation lab as well as sophisticated safety infrastructure will further augment Astec's R&D capabilities and enable accelerated growth of CMO business.

In the next Financial Year, Astec LifeSciences will continue to focus on scaling up R&D projects, diversification into other molecules as well as chemistries and expanding its customer base for contract manufacturing business. In addition to R&D facility, Astec has also initiated expansion of herbicides plant at existing Mahad facility during the year. With steadfast focus on R&D, business diversification and future-ready investments, Astec's management team remains committed to long-term strategic growth.

Vegetable Oil Business

30
Years of experience in Oil palm

2,15,000 HA
Potential area for plantation

9,000+
Farmers connected

6
Palm oil mills

> 1 lakh MT
Of Crude palm oil

12
Nurseries

Your company is the largest oil palm processor in India and works directly with more than 9,000 farmers for the entire lifecycle of the crop.

FY 2022-23 was another good year for your company's Vegetable Oil business with growth in both topline and profitability despite high base of pervious year. Your company was able to achieve further improvement in Oil extraction ratio by ~45 bps and a consistent volume growth in FY 2022-23 as compared to the previous year.

The business was also benefitted from the sharp increase in Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) prices to record high levels in Q1 FY 2022-23 owing to three-week exports ban by Indonesian Government, a largest producer and exporter of palm oil. The ban was lifted in the last week of May and since then CPO & PKO have been trading at levels closer to 2-year lows. For the entire year, GAVL's average CPO and PKO realisations were lower by 11% year-on-year.

With eye on forward integration and further margin expansion in the Palm oil value chain, GAVL initiated construction of a refinery with capacity of 400 metric ton per day and Solvent Extraction plant with capacity of 200 metric ton per day during the year. Both the plants will be commercialised in FY 2023-24.

GAVL also signed multiple Memorandum of Understanding (MOUs) and received allocations from various state Governments – namely Assam, Manipur, Tripura, Nagaland and Odisha during the year. With these newer opportunities, GAVL has established a goal to add 60,000 hectares of additional oil palm plantations over the course of the next five years to support the long-term sustainable development of oil palm in India. Similarly, to achieve this goal, GAVL launched a unique initiative called "Samadhan" centres, a one stop solution centre which would provide a comprehensive package of knowledge, tools, services and solutions to oil palm farmers. Your company aims to establish Samadhan centre as a critical enabler in Indian Palm Oil industry and assist oil palm farmers in optimising their yields by adopting latest agricultural techniques and boosting their productivity. As a part of the Samadhan initiative, GAVL plans to establish 50 Samadhan centers across India by 2027 with each center supporting ~2,000 hectares of area under oil palm. It will also help farmers to avail developmental finance, government subsidies/schemes and other benefits. GAVL has already operationalised 5 such centres in Tamil Nadu & Telangana in FY 2022-23.

In FY 2022-23, GAVL's Vegetable Oil business became the first in the country to be awarded a verification Certification under the Indian Palm Oil Sustainability (IPOS) Framework. Certification is issued by Control Union, an independent international certification body, in recognition of the sustainable practices adopted by Vegetable Oil business. The IPOS Framework, established by the Solvent Extractors Association of India with assistance from Solidaridad, the Indian Institute of Oil Palm Research, and Society for Promotion of Oil Palm Research and Development (SOPOPRAD), has been created for the Indian industry and lays down a set of environment friendly, economically viable and socially beneficial practices and guidelines.

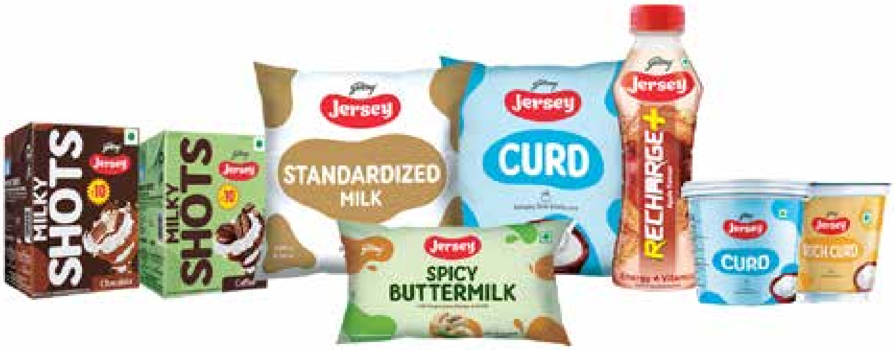
GAVL also made a significant progress in several digital initiatives as well as ESG targets. To ensure traceability and transparency, GAVL has developed a web-based portal & an app 'Farmer Management System' for farmers and agents. We have also made satisfactory progress on our ESG goals for Vegetable Oil business and it continues to generate entire energy requirements inhouse, achieving net zero carbon emissions.

Dairy Business

FY 2022-23 was a mixed year for Indian Dairy industry as healthy volume growth led by strong revival in demand was offset by continued rise in milk procurement costs which could not be fully passed on. Demand from HoReCa (Hotels, Restaurants and Catering) segment returned to pre-covid levels. All key dairy players have been reporting a robust double-digit growth in value added products portfolio coupled with steady sales of liquid milk. With hikes in retail prices across the product portfolio in FY 2022-23, branded dairy companies are gradually shifting towards smaller packs of the packaged products.

Our dairy subsidiary, Creamline Dairy Products Limited ("CDPL"), reported 28% year-on-year increase in segment revenues in FY 2022-23 crossing Rs. 1,500 Crores sales mark for the first time. Outstanding volume performance in FY 2022-23 was led by value-added products (VAP) portfolio which grew by 36.6% year-on-year supported by 10.3% growth in liquid milk volumes. Growth in VAP portfolio was ahead of the industry peers in South India and was led by market share gains in some of the key markets, primarily in curd, buttermilk and milk-based flavoured drinks. Share of VAP in total sales increased to 32% in FY 2022-23 from 29% in FY 2021-22.

CDPL also maintained its focus on new products development and added several new products to its diversified VAP portfolio such as new variants of Recharge plus drinks and flavoured milk. In March'23, Company launched a new variant in flavoured milk category, called "Milky Shots" at an economical price-point of INR 10 in Chocolate and Coffee flavors.



During the year, CDPL commissioned a new packaging line thereby enhancing its capacity from 20,000 LPD to 70,000 LPD. This was necessitated by optimum utilisation of existing lines to meet peak seasonal demand. The new packaging line would provide a significant boost to CDPL's production capabilities in flavoured milk category which is expected to grow at a healthy rate of 26%. At the same time, it will also facilitate flexibility in serving different customer segments at multiple price points.

While CDPL fared much better in volume and topline growth as compared to previous year, margin profile was impacted by continued rise in milk procurement costs. Price hikes taken during the year were rendered inadequate by sustained rise in input costs throughout the year. For third consecutive year, the industry continued to suffer from weak flush season on account of untimely & heavy rains in South India coupled with outbreak of Lumpy skin disease in certain parts of the country.

In the medium term, CDPL will be focussing on two key levers for achieving a sustainable growth in profitability – (a) Volume growth led by VAP portfolio, and (2) Margin expansion through Procurement & Supply Chain Efficiencies. While liquid milk volumes will continue to grow at a steady pace, rapid expansion of VAP portfolio would be a key priority in the coming year. This will be supplemented by strengthening the direct milk procurement network and improving operating leverage. Your company remains fully focused on improving the profitability of CDPL.

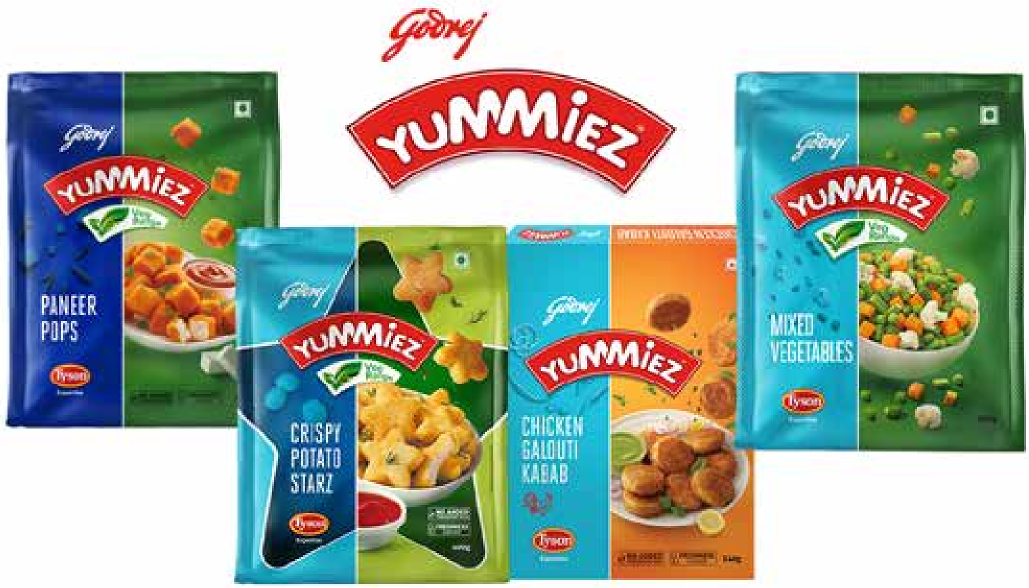
Poultry and Processed Food Business

Godrej Tyson Foods Limited ("GTFL") achieved a crucial Rs. 1,000 Crore sales milestone for the first time in FY 2022-23. It was one of the best years in terms of financial and operational performance for GTFL as the business reported a stellar topline growth of 28% for the second consecutive year as a result of robust volume performance in branded categories. Segment results also recovered sharply and grew by 3.1x y-o-y to close the year at ₹ 16.1 Crore in FY 2022-23.

Amongst branded categories, Real Good Chicken (RGC) registered a volume growth of more than 50% for the second straight year on the back of QSR and Institutional sales. Sales to HoReCa channel, which constitutes a significant share of overall demand in RGC category, were upbeat with strong momentum in out-of-home consumption and have already surpassed pre-covid levels. RGC's retail business has also managed to grow by more than 20%, thereby supporting rapid rise in overall category. Profitability of RGC category has improved substantially and despite volatilities in live bird prices, RGC consistently reported improvement in contribution margin. Yummiez portfolio recorded more than 30% growth in volumes led by new product development initiatives. However, Yummiez margin profile moderated in FY 2022-23 as compared to the previous year owing to unfavourable product mix.

In Live bird business, GTFL maintained a steady volume growth momentum. On operational front, live bird business reported healthy improvement in key performance metrics such as feed conversion ratio, hatchability success rate etc. However, rising feed costs were met with volatile live bird prices and consequently, limited transmission impacted profitability of the category.

Going forward, GTFL would singularly focus on rapidly increasing the proportion of branded categories in the overall revenue mix to improve margin stability in the long term. In RGC, the emphasis would be on accelerating e-commerce channel and brand building & awareness initiatives for enhancing retail presence. In Yummiez segment, GTFL's aim is to scale up volume growth through expanding product portfolio and by adding new sales channels for increasing the distribution reach. During the year, GTFL continued to launch new products in the Yummiez segment to expand consumer offerings such as Potato Starz, Paneer pops etc. Live bid category will remain committed to its primary aim of becoming the lowest cost producer of live bird through operational efficiencies.



Opportunities, Strengths, Concerns

Opportunities and Strengths

- **Increase market share in existing business verticals:** Several sectors in which your Company operates are largely unorganized, therefore, cost leadership is a key enabler for your Company to increase the market share of its products in those segments. The Company's ability to increase sales will be strengthened by continued focus on offering a wide range of innovative products across all business verticals which will help in gaining market share. Additionally, in the medium-term, due to supply chain disruption and lack of liquidity leading to the closure of smaller business units, larger players with strong balance sheets will gain market share.

- **Pan-India presence with extensive supply and distribution network to benefit the Company in the long-run:** Your Company has a pan-India presence and operations spanning across 5 (five) business verticals. The Company has set up processing facilities and supporting infrastructure as well as R&D to develop a modern operating platform across key agriculture verticals. As a result of its widespread network and significant operational experience, the Company is well placed to identify key market trends and introduce a range of innovative and value-added products in the market to cater to the evolving needs of the customers. The nationwide footprint also allows the Company to leverage the competitive advantages of each location to enhance competitiveness and reduce geographic and political risks in businesses.

- **Diversified businesses with synergies in operations:** Segmental and geographical diversification across business verticals provide a hedge against the risks associated with any particular industry segment or geography while benefiting from the synergies of operating in diverse but related businesses. Synergies across diverse businesses provide the ability to drive growth, optimize capital efficiency and maintain competitive advantage. The Company also derives operational efficiencies by centralizing and sharing certain key functions across businesses such as finance, legal, information technology, strategy, procurement and human resources.

- **Strong Research & Development (R&D) Capabilities:** The Company's emphasis on R&D has been critical to its success and a differentiating factor from competitors. Dedicated R&D is undertaken in existing products primarily with a focus to improve yields and process efficiencies. The Company also focuses on R&D efforts in areas where there is significant growth potential. Through our subsidiary Astec LifeSciences Limited, your company has access to strong R&D capabilities in the contract manufacturing. Investment is also being made in developing innovative technologies to further grow our product portfolio across businesses.

- **Focus on inorganically growing business offerings:** Your Company will evaluate inorganic growth opportunities, in keeping with the strategy to grow and develop market share or to add new product categories. Your Company may consider opportunities for inorganic growth, such as through mergers and acquisitions, if, amongst other things, they consolidate market position in existing business verticals or achieve operating leverage in key markets by unlocking potential efficiency and synergy benefits. Your Company can also look at opportunities that will strengthen and expand its product portfolio and increase its sales and distribution network.

Concerns

- **Unfavourable local and global weather patterns can have an adverse effect on the business:** As an agri-based Company, the businesses are sensitive to weather conditions, including extremes such as drought and natural disasters. The availability of raw materials required for operations and the demand for products may be adversely affected by longer than usual periods of heavy rainfall in certain regions or a drought in India. The occurrence of any unfavourable weather patterns may adversely affect business, results of operations and financial condition.

- **Availability of raw materials and arrangements with suppliers for raw materials:** Each of the businesses depends on the availability of reasonably priced, high-quality raw materials in the quantities required by operations. The price and availability of such raw materials depend on several factors beyond the Company's control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. The Company typically sources raw materials from third-party suppliers or the open market which exposes the Company to volatility in the prices of raw materials and dependence on third-party for delivery of raw material. Also, any inability to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect operations.

- **Improper handling, processing or storage of raw materials or products:** The products that your Company manufactures or processes are subject to risks such as contamination, adulteration and product tampering during their manufacturing, transport or storage. Inherent business risks exist in form of product liability or recall claims if products fail to meet the required quality standards or are alleged to result in harm to customers. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. Although the Company has product liability insurance cover for domestic and international markets for businesses, it cannot assure that this insurance coverage is adequate or that any losses will be adequately compensated by the insurers in the event of a product liability claim.

- **Seasonal variations in the businesses:** Your Company's businesses are subject to seasonal variations that could result in fluctuations in performance. For example, in the animal feed business, the Company sells lower volumes of cattle feed during the monsoons due to the availability of green fodder. In the poultry and processed foods business, the demand for poultry products is higher in the second half of the Financial Year since the consumption of poultry meat and eggs is higher during winter months, while the sale of such products is lower during certain religious festivals. As a result of such seasonal fluctuations, sales and results of operations may vary by fiscal quarter. The sales and results of operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or future performance. In addition, financial performance is also impacted by other risks such as inability to manage diversified operations, dependency of revenue from animal feed business and dependency of the utilization of services of third parties for our operations.

Internal Control System

Your Company remains committed to improve the effectiveness of internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations. Your Company has adequate internal controls in place designed and developed to:

a) Safeguard its assets from unauthorised use or losses
b) Conduct its business operations efficiently in line with company's policies
c) Maintain accuracy, completeness & reliability of the Financial and accounting records
d) Compliance on laws and regulations
e) Detect and prevent any fraud the frauds in the accounting & reporting system

The Company monitors the efficacy and functioning of its internal financial controls through periodic internal audits and multiple authority levels for expenditures and budgetary controls.

Material Developments in Human Resources / Industrial Relations

Your Company treats its employee workforce as a valuable asset and strives to provide them with a workplace that brings out the best in them. The Company trains employees regularly to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety. Employees are offered performance-linked incentives and benefits and the Company conducts employee engagement programmes from time to time.

Your Company's human Rights policy is guided by International covenants such as the international bill of Human Rights (i.e. Universal declaration of Human rights, the international covenant on Civil and political rights, and the international covenant on Economic, Social and Cultural Rights) and the international Labour Organisation's Declaration on Fundamental Principles and rights at work. While adhering to local laws, your Company follows higher standards to the greatest extent possible. Company's human rights policy allies to all Godrej business units, entities owned by company and entities where company has majority interest.

Policies related to Prevention of Sexual Harassment at workplace ("POSH") and vigil mechanism / Whistle-blower are also available to all employees and workers. The Company is committed to creating and maintaining an atmosphere in which all employees can work together, without fear of sexual harassment, exploitation or intimidation. A gender-neutral policy on prevention of sexual harassment has been in place for years. All employees are required to go through mandatory training on prevention of sexual harassment. Whistle Blower Policy also enables employees to raise concerns about unacceptable, improper or unethical practices being followed in the organization, without necessarily informing their supervisors.

The Godrej Group is committed to identifying, preventing, and mitigating adverse human rights issues which affect employees, suppliers, and other external stakeholders. The Company offers various safeguards to all stakeholders and maintain them with respect for their privacy and dignity.

The Company would like to sincerely appreciate the valuable contribution and support of employees towards the performance and growth of the Company. The management team comprises of professionals with a proven track record. The Company continues to remain focused and sensitive to the role of human resources in optimizing results in all its areas of working and its industrial relations also continue to be cordial.

Company's Financial Performance

Consolidated Performance:
For the FY 2022-23, your Company reported consolidated total income of ₹ 9,481.18 Crore as compared to ₹ 8,385.7 Crore in the previous Financial Year. Profit before exceptional items and tax was ₹ 279.6 Crore in FY 2022-23 as compared to ₹ 486.8 Crore in the previous Financial Year.

The key highlights of Consolidated Financials for the Financial Year ended March 31, 2023 are as under:

Particulars (in ₹ Crore)	FY 2022-23	FY 2021-22
Total Income	9,481.18	8,385.74
Earnings Before Interest, Tax, Depreciation and Amortization*	564.19	723.22
Profit Before Tax*	279.60	486.78
Profit After Tax*	239.49	408.51
Total Comprehensive Income	290.67	417.37

* Excluding non-recurring & exceptional items

Key Financial Ratios

The key financial ratios for Consolidated financials are as per the below table:

Particulars	FY 2022-23	FY 2021-22
Debtors Turnover Ratio	12.26	9.36
Inventory Turnover Ratio	5.33	5.23
Interest Coverage Ratio	4.49	9.06
Current Ratio	0.97	1.06
Debt Equity Ratio	0.48	0.57
Operating Profit Margin (%)	4.76	6.88
Net Profit Margin (%)	3.16	5.05
Return on Net worth (%)	10.87	16.28

The formulae used for computation of key financial ratios are as follows:

Debtors Turnover Ratio	Net Sales / Average Trade Receivable
Inventory Turnover Ratio	Cost of Goods sold / Average Inventory
Interest Coverage Ratio	Profit Before Interest and Taxes / Finance Costs
Current Ratio	Current Assets / Current Liabilities
Debt Equity Ratio	Total Debt / Shareholder's Equity
Operating Profit Margin (%)	Profit Before Interest and Taxes / Net Sales
Net Profit Margin (%)	Profit After Tax / Net Sales
Return on Net worth (%)	Profit After Tax / Average of Total Equity