Management Discussion and Analysis Report

Global Economic Landscape

The global economic landscape in 2024-25 was characterized by a complex interplay of geopolitical tensions, trade policy uncertainties, and climate-related disruptions. The year 2024 witnessed significant electoral activities, with major elections in countries like India, the United States, and Indonesia, contributing to heightened political and economic uncertainty. This uncertainty has been exacerbated by ongoing geopolitical conflicts, such as the Russia-Ukraine war and the conflict in the Middle East, which has disrupted global trade routes and energy supplies, leading to increased prices and inflationary pressures. The IMF projects global growth to be 3.3 percent for both 2025 and 2026. The global economic outlook remains clouded by medium-term risks, including policy-generated disruptions that could affect fiscal sustainability and financial stability. The global trade environment is also evolving, with a noticeable rise in protectionist trade policies and shifting global supply chains. The recent announcement of tariffs by U.S. government, the impact of which is still evolving, has resulted in increase in economic uncertainty, market volatility and may result in reconfiguring of supply chains and retaliatory measures impacting global trade patterns.

Indian Economic Overview

India's economy has demonstrated remarkable resilience amidst global headwinds, with real GDP growth estimated at 6.5 percent for FY25 as per second advance estimates released by National Statistical Office (NSO). This growth is primarily driven by robust performance in the agriculture and services sectors. The agriculture sector has benefited from record Kharif production and favorable monsoon conditions, while the services sector has shown strong growth across various sub-sectors, including financial, real estate, and professional services. High-frequency indicators such as PMI services, air passenger traffic, and hotel occupancy rates indicate sustained momentum in the services sector. Looking ahead, India's GDP growth for FY26 is projected to be between 6.3 and 6.8 percent, supported by strong domestic demand, higher public capex, and improving business expectations. However, global uncertainties, including geopolitical tensions and trade policy shifts, pose potential risks to the growth outlook. The government's focus on structural reforms and deregulation will be crucial in enhancing India's competitiveness and sustaining high growth rates in the medium term.

A. INDIAN AGRICULTURAL SECTOR OVERVIEW

The agricultural and allied industries continue to hold significant importance within the Indian economy, serving as the principal source of income for ~46% of India's population.

India's agricultural prowess is significant on a global scale, boasting the world's largest cattle herd, extensive cultivation of key staples like wheat, rice, and cotton, and leading production volumes in milk, pulses, and spices. As the second-largest producer of various essential commodities, including fruits, vegetables, and sugar, India's agricultural sector plays a pivotal role in global food supply chains. With the world's second-largest agricultural land area and a workforce that employs approximately half the nation's population, the sector's strategic importance is undeniable. This positions Indian farmers as integral contributors to both domestic sustenance and global agricultural markets.

Agriculture sector in India is undergoing a significant transformation through the adoption of precision agriculture and smart farming. Technologies such as IoT, drones, Artificial Intelligence (AI), and satellite imagery are being increasingly used to monitor crop health, soil conditions, and irrigation, resulting in optimized input use, reduced waste, and enhanced yields. Additionally, in response to the changing climate conditions, farmers are turning to climate-resilient farming by adopting drought-resistant seeds, early warning systems, and crop insurance schemes to safeguard against weather uncertainties. Rising consumer demand for chemical-free produce has also led to a shift toward organic and sustainable agriculture, supported by government incentives and certification programs that enhance soil health and biodiversity. Various government reforms, including the Prime Minister Dhan-Dhaanya Krishi Yojana, are empowering farmers through direct benefit transfers, market linkages, and skill development. Additionally, missions targeting self-sufficiency in key crops such as pulses and cotton aim to reduce import dependence.

The agriculture and allied sectors in India have demonstrated a significant resurgence, with real Gross Value Added (GVA) projected to grow by 3.8% during the fiscal year 2024-25, as per first advance estimates by Central Statistical Office (CSO). This represents a substantial improvement compared to the 1.4% growth recorded in the previous fiscal year, 2023-24. This positive trend underscores the sector's strengthening contribution to the national economy and highlights the potential for sustained growth.

The recent forecast of Indian Meteorological Department (IMD) of an 'above normal' monsoon supported by improved reservoir levels, are expected to underpin rebound in rural economic activity.

The Union Budget 2025-26 reflected the government's continued commitment to bolstering agricultural sector and improving the livelihoods of farmers across India. The budget includes several significant allocations aimed at enhancing agricultural productivity and supporting farmers.

Union Budget Financial Year 2025-26 – Highlights for the agriculture sector

- Announced the Prime Minister Dhan-Dhaanya Krishi Yojana' in partnership with states covering 100 districts to increase productivity, adopt crop diversification, augment post-harvest storage, improve irrigation facilities, and facilitate availability of long-term and short-term credit.
- A comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme will be launched in partnership with states to address underemployment in agriculture through skilling, investment, technology, and invigorating the rural economy. The goal is to generate ample opportunities in rural areas, with focus on rural women, young farmers, rural youth, marginal and small farmers, and landless families.
- Government will launch a 6-year "Mission for Aatmanirbharta in Pulses" with special focus on Tur, Urad and Masoor. Central agencies (NAFED and NCCF) will be ready to procure these 3 pulses, as much as offered during the next 4 years from farmers.
- The budget outlined measures to Comprehensive Programme for Vegetables & Fruits, National Mission on High Yielding Seeds, and a five-year Mission for Cotton Productivity amongst other measures to promote agriculture and allied activities in a major way.
- Increase in loan limits from ₹ 3 lakh to ₹ 5 lakh for loans taken through Kisan Credit Cards under modified interest subvention scheme.

The anticipated strength in agricultural output, stemming from the factors mentioned above, reinforces our expectation of continued growth within the sector, creating further opportunities.

B. KEY BUSINESS SEGMENTS

Your Company is a diversified, research and development-oriented 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

The Animal Feed business segment saw a significant improvement in profitability benefiting from favourable commodity positions & cost optimization measures. The volume growth was flat on a year-on-year basis primarily due to lower end-product prices in the first half of the year. Consequently, your Company registered a notable 26% y-o-y growth in segment margins during the year. Our Cattle feed segment consolidated its leading position in the Western region, driven by strong demand of ‘Samruddhi’. During the fiscal year, your Company strategically expanded its Animal Feed portfolio with the introduction of ‘Godrej Pride Hog,’ a scientifically formulated pig feed range. By ensuring balanced nutrition, Pride Hog aims to enhance livestock health, bolster immunity, and promote robust growth. This launch underscores our unwavering commitment to empowering farmers with sustainable and science-driven solutions, ultimately contributing to improved livestock well-being and enhanced farmer productivity.

The performance of ACI Godrej Agrovet Private Limited, our 50:50 joint venture in Bangladesh with Advanced Chemical Industries Limited (ACI), was impacted during the fiscal year. This was primarily attributable to the ongoing political unrest and severe flooding in Bangladesh, which created significant operational and logistical challenges for the business unit. Consequently, the sales and profitability of the business was impacted.

Looking ahead, the Animal Feed business remains well poised towards expanding its market presence, both by capturing further share within established geographies and by strategically entering new regions. This expansion will be supported by our robust Research and Development (R&D) efforts, driving the introduction of innovative new products. Furthermore, your Company is committed to strengthening brand visibility and fostering deeper customer loyalty within this largely unorganized market through the comprehensive integration of our digital initiatives, aiming to establish a more structured and engaged customer base.

CROP PROTECTION BUSINESS

The domestic agrochemicals sector experienced a challenging FY 2024-25, primarily due to subdued farmer demand. This was largely influenced by erratic weather patterns, including the impact of extreme weather events, and a decline in the prices of key agricultural crops, which collectively influenced overall market activity.

Despite a challenging environment for the broader agrochemicals sector in FY2024-25, your Company's Standalone Crop Protection business (CPB) demonstrated exceptional resilience and delivered a stellar performance. The segment margins at 40% achieved a robust expansion of 9% y-o-y. This strong performance was primarily driven by our in-house portfolio, particularly the HITWEED range of herbicides, which recorded substantial volume growth during the year. While the in-license category faced headwinds due to declining prices of key agricultural crops, the overall spectacular results were underpinned by a singular focus on achieving 'Customer Delight' through end-to-end integration of on-field demand generation, supply chain efficiencies, and a deep understanding of end-consumer needs. With that in mind, during the current financial year, lot of innovative digital initiatives were successfully launched to enable the teams to better serve the customers. The team continued to focus on diligent credit management practices thereby significantly reducing delinquencies. Our in-house herbicide and in-licensed products have established a strong niche within the highly competitive Indian Agrochemical sector.

Moving forward, our strategy includes continued focus on expanding the reach of the existing successful product portfolio, complemented by new product development through our in-house R&D initiatives and strategic in-licensing collaborations with leading global innovators.

Your Company's subsidiary, Astec LifeSciences Limited, faced volume headwinds and price corrections in both enterprise and contract manufacturing portfolios. This was on account of several factors such as high inventories, de-stocking strategies and demand-supply imbalance. As a result, Astec reported decline in revenues and losses in Financial Year 2024-25 as compared to the previous year.

Moving forward, Astec LifeSciences will continue to execute this strategy by prioritizing R&D scale-up through its state-of-the-art "Adi Godrej Centre for Chemical Research and Development", diversification across molecules and chemistries, and targeted growth in contract manufacturing. The Company has taken several steps to focus on business development to ensure appropriate capacity utilisation of its infrastructure.

OIL PALM BUSINESS

Your Company is the largest oil palm processor in India and works directly with more than 11,000 farmers for the entire lifecycle of the crop.

During the financial year 2024-25, your Company continued to work on the roadmap formulated to achieve forward integration and margin expansion in Palm Oil value chain. Towards achieving this end, work has commenced in respect of a Palm Kernel Oil Refinery with a capacity of 100 metric ton per day.

This segment reported strong growth in revenue as well as margins year-on year on account of significant increase in realisation of end-product prices of Crude Palm Oil (CPO) and Palm Kernel Oil (PKO). The average realisation of CPO and PKO improved by 32% & 43% year-on-year.

GAVL continued to work aggressively on area expansion in all the newly allocated areas in states of Assam, Tripura, Nagaland, Orissa, Gujarat and Telangana. Your Company also signed multiple Memorandum of Understanding (MOUs) and received allocations from various state Governments – namely Telangana, Gujarat, Andhra Pradesh and Odisha during the year. With these newer opportunities, GAVL is working towards the 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. To achieve this goal, your Company 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 the India by 2027 with each center supporting ~2,000 hectares of area under oil palm. It will also help to support farmers to avail developmental finance, government subsidies/schemes and other benefits. GAVL has operationalised 4 new centres in Andhra Pradesh, Telangana & Tamilnadu in Financial Year 2024-25. With this the total count of Samadhan centres is 14 across all the states where we operate.

OIL PALM BUSINESS

GAVL continued to make 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 which was further enhanced in FY25. Your Company has also made satisfactory progress on ESG goals for Oil Palm business and it continues to generate entire energy requirements inhouse, achieving net zero carbon emissions.

DAIRY BUSINESS

Financial Year 2024-25 was a year of improved profitability for our dairy business. Our dairy subsidiary, Creamline Dairy Products Limited ("CDPL"), reported an increase of 160% in profit year-on-year and has charted a path to sustained margin expansion. This was possible due to continued improvement in operational efficiencies across all key areas of business i.e. milk procurement, supply chain & logistics etc. and improved milk spread. However, segment revenue was flat year-on-year as volumes remained at similar levels.

Growth in VAP portfolio 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 37% in FY 2024-25 from 36% in FY 2023-24.

In the medium term, CDPL will be focusing on two key levers for achieving a sustainable growth in profitability – (1) Volume growth led by VAP portfolio, (2) Margin expansion through Procurement & Supply Chain Efficiencies and (3) Investment in celebrity endorsement and advertisement to enhance visibility and credibility. 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 years. CDPL has also unveiled a 3 X 3 strategy to target ₹ 1,000 crore value added portfolio in the states of Andhra Pradesh and Telangana. To achieve this, CDPL is investing in new product innovations, strengthening presence across multiple channels and expand distribution network.

POULTRY AND PROCESSED FOODS BUSINESS

During the current financial year, your Company acquired balance 49 percent stake in Godrej Foods Limited ("GFL") thereby making it a wholly owned subsidiary. The profitability for this segment declined year-on-year due to subdued performance across all categories.

Profitability of Live bird category was lower due to lower volumes which is in line with our strategy to focus and improve the salience of branded categories. While volumes in the branded categories, Real Good Chicken (RGC) and Yummiez improved, profitability was impacted on account of elevated inputs costs and unfavourable channel and product mix.

GFL would continue to 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 brand building and accelerating presence in multiple channels 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.

OPPORTUNITIES, STRENGTHS, THREATS, RISKS & 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 research and development and 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 are expected to 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 Research & Development infrastructure to develop a unique 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 agrochemical active ingredients category. 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.

- **Technology driven engagement and Connectivity:** Taking cognisance of the significant transformation in the Indian Agricultural Sector within the digital space as mentioned above, your Company has increased focus to accelerate rollout of various digital initiatives to facilitate improved customer service and direct connect with Farmers. Your Company recognizes that emerging digital technologies present significant opportunities to enhance customer reach within the agricultural sector by connecting farmers more effectively with markets and end consumers. In addition, your Company will continue to invest in digital initiatives and AI-powered support tools. These platforms will provide actionable insights which are critical for maintaining and expanding long-term customer relationships. Collectively, these digital initiatives have not only strengthened customer engagement and satisfaction but will also contribute in opening new revenue streams and improved market access.

Threats, Risk & 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.

C. Disclaimer:

The statements in the "Management Discussion and Analysis Report" describe the Company's objectives, projections, expectations, estimates or forecasts which may be "forward-looking statements" within the meaning of the applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied therein due to risks and uncertainties. Important factors that could influence the Company's operations, inter alia, include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic, political developments within the country and other factors such as litigations and industrial relations.

Company's Financial Performance

Consolidated Performance:
For the FY 2024-25, your Company reported consolidated total income of ₹ 9,426 Crore as compared to ₹9,602 Crore in the previous Financial Year. Profit before Tax (including Share of Profit of Equity Accounted Investees) was ₹ 554 Crore in FY 2024-25 as compared to ₹473 Crore in the previous Financial Year.

The key highlights of Consolidated Financials for the Financial Year ended March 31, 2025 are as under:

Particulars (in ₹ Crore)	FY 2024-25	FY 2023-24
Total Income	9,426	9,602
Earnings Before Interest, Tax, Depreciation and Amortization*	845	757
Profit Before Tax*	485	434
Profit After Tax*	386	370
Total Comprehensive Income	399	358

* Excluding non-recurring & exceptional items

Key Financial Ratios

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

Particulars (in ₹ Crore)	FY 2024-25	FY 2023-24
Debtors Turnover Ratio	17.2	17.4
Inventory Turnover Ratio	7.1	7.0
Interest Coverage Ratio	4.8	4.9
Current Ratio	1.0	1.0
Debt Equity Ratio	0.5	0.5
Operating Profit Margin (%)	8.7%	7.3%
Net Profit Margin (%)	4.3%	3.8%
Return on Net worth (%)	14.6%	12.3%

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

Debtors Turnover Ratio	Net Sales / Average Trade Receivable
Inventory Turnover Ratio	Net Sales / 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 (%)	(EBITDA - Other income) / Revenue from Operations
Net Profit Margin (%)	Profit After Tax / Net Sales
Return on Net worth (%)	Profit After Tax / Average of Total Equity