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CIN : L15410MH1991PLC135359

Date: February 7, 2025

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

Ref.: BSE Scrip Code No. "540743"

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

Ref.: "GODREJAGRO"

Dear Sir / Madam,

Sub.: Transcript of Conference Call of the Company with Investors & Analysts held on Monday, February 3, 2025 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 with the Investors and Analysts held on **Monday, February 3, 2025** 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
Date: 2025.02.07 15:52:27 +05'30'

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

"Godrej Agrovet Limited Q3 FY-25 Earnings Conference Call"

February 03, 2025

MANAGEMENT: MR. NADIR GODREJ – CHAIRMAN, GODREJ AGROVET LIMITED
MR. BALRAM S. YADAV – MANAGING DIRECTOR, GODREJ AGROVET LIMITED
MR. S. VARADARAJ – CHIEF FINANCIAL OFFICER, GODREJ AGROVET LIMITED
MR. ARIJIT MUKHERJEE, CHIEF OPERATING OFFICER, ASTEC LIFESCIENCES

MODERATOR: MR. HARMISH DESAI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Godrej Agrovet Limited Q3 FY25 Earnings Conference Call hosted by PhillipCapital.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch tone phone.

I now hand the conference over to Mr. Harmish Desai from PhillipCapital. Thank you and over to you, sir.

Harmish Desai: Thank you, Ms. Khan. Good afternoon, everyone, and thank you for joining us on the Godrej Agrovet Q3 FY25 Earnings Conference Call.

From the Management, we have Mr. Nadir Godrej – Chairman, Mr. Balram S. Yadav – Managing Director, Mr. S. Varadaraj – Chief Financial Officer and Mr. Arijit Mukherjee – Chief Operating Officer, Astec LifeSciences.

We would like to begin the call with "Brief Opening Remarks from the Management, following which we will open the forum for a "Q&A 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 that effect has been included in the earnings presentation shared with you earlier.

I would now like to invite "Mr. Nadir Godrej to make the Initial Remarks." Thank you.

Nadir B. Godrej: Hello. Godrej Agrovet continue to deliver strong profit growth in Q3 FY25 showing a robust performance in the vegetable oil, animal feed and poultry businesses. While revenue growth was moderate, EBITDA margins (excluding non-recurring items) improved in Q3 FY25 by 200 basis points as compared to Q3 FY24.

Coming to the Key Financial and Business Highlights of each of our Business Segments:

In the Animal Feed segment, margins improved sharply from 4% in Q3 FY24 to 6% in Q3 FY25 on account of favorable commodity position. Further, our EBIT/Tn significantly improved by 45% from ₹ 1,338 in Q3 FY24 to ₹ 1,925 in Q3 FY25. Q3 FY25 also saw a 10% sequential volume jump driven by Cattle, Broiler and Layer feed while overall volume growth compared to Q3 FY24 was marginal.

Our Vegetable Oil segment in Q3 FY25 delivered strong results with significant profit growth driven by higher Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) prices and an improved Oil Extraction Ratio (OER). This also reflected in a 45% year-on-year increase in segment revenue despite flat fresh fruit bunch arrivals.

In Q3 FY25, segment revenue and margins in the Standalone Crop Protection business were adversely impacted by lower sales volumes in the in-license category. This decline was primarily due to localized stream of events in key markets and subdued crop prices.

Astec made significant progress in Q3 FY25, reducing its EBITDA losses to ₹ 4 crores from ₹ 18 crores in the previous quarter and ₹ 17 crores in Q3 FY24. The improved performance was primarily due to higher volumes in the CDMO business, which helped offset the impact of lower realization in the key enterprise products. The Company expects this positive momentum to continue in the coming quarters.

In Q3 FY25, our Dairy segment saw steady performance in segment revenue and margin. We continue to see positive movement in Value Added Products which reached 34% of total sales, improving both year-on-year and sequentially.

In our Poultry business, Q3 FY25 revenue was marginally lower year-on-year primarily due to a deliberate reduction in live birds business volumes and the Company continued its strategic shift towards the branded segment. However, profitability improved significantly in Q3 FY25, primarily driven by higher live birds prices.

GAVL joint franchise in Bangladesh, ACI Godrej recorded decline in revenues of 13% year-on-year in the Q3 FY25 due to the ongoing economic challenges and political instability in Bangladesh.

This concludes our business and financial performance update for the quarter. With this I close my opening remarks. We will now be happy to answer your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask question may press "*" "1" on the touch tone telephone. If you wish to remove yourself from question queue, you may press"*" "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we wait for a moment while the question queue assemble. The first question is from the line of Abhijit from Kotak Securities. Please go ahead.

Abhijit: Good afternoon and thank you so much. So, my first question pertains to Astec LifeSciences. We had expected a significant increase in CDMO revenues this year. I believe in the past we've guided to about 400 crores for the year, about 50% growth. So, just in the context of how the year has unfolded, if you could please update us on what's your current expectations are both for the remainder of this year and then for FY26, please?

Arijit Mukherjee: Abhijit, so this year in fact if you see the guidance earlier, we have told the CDMO year-on-year we will grow by 30% to 40%. So, we stick to that. This year has been less, one, because of price correction and some molecules have not come because of more of a market situation. In terms of FY26, we have done the meeting with most of the CDMO players. So, as of now, which we feel almost all the projects are coming back to the normal scale, in fact the volume projections we are getting till date is the normal volume projections we see. Prices will be very difficult to see right now, but what we can see from China bottom out is over now. So, prices are either stabilizing or showing a little bit increase. So, our guidance remains that year-on-year we will be growing at 40%.

Abhijit: Okay. Thank you for that. And my second question is with regard to the Animal Feed segment. The EBIT per ton has expanded quite sharply in the first three quarters of this year. How much of this is sustainable and what should we look for margins to be in the coming quarters, maybe for FY26 overall?

Balram S. Yadav: So, I think the EBIT in this quarter has been about ₹ 1,935 per ton. I must also say that it is because of some raw material situation has been benign, but there are a lot of other initiatives also particularly from R&D and margin expansion initiative through cost, which have also resulted in this increase. The kind of coverage we have and the initiative we have in the pipeline, we believe that we will be able to get EBIT of over ₹ 2,100 per ton in Q4. If you ask me, if we are able to hold onto all the benefits which we have got this year apart from raw material, we should be able to hold on to ₹ 1,800 to ₹ 2,000 per ton in FY26 also.

Abhijit: Thank you. So, that's helpful. And just one last thing from me if I may. On the standalone crop protection business where things seem to have gotten a little bit challenging in the last couple of quarters because of various reasons, if you could please share your thoughts on how you expect the business to shape up?

Balram S. Yadav: Well, I think one of the important things which we need to remember is that monsoon is very, very critical to the country and for the agriculture economy also. And it so happened towards the end of the season, that is kharif season, there were not too many sprays which were there year before last because of rain, etc., and the pest infestation was also not very big. So, our volumes and some of the in-licensing products were subdued and a lot of material also was taken back for hygiene reasons. So, that was the reason why it was subdued. Having said that, I must also tell you that Q4 is a very normal Q4. The expectation is of a good year and you will see a significant improvement in Q4 over Q3 in both the top-line and bottom-line.

Abhijit: Understood. Thank you so much and I will get back in the queue for any more questions.

Moderator: Thank you. The next question is from the line of Ashwin Shetty from Marcellus Investment Managers. Please go ahead.

Ashwin Shetty: Thank you, sir, for taking my question. Sir, can you just delve deeper into, you said that there is a lot of materials taken back due to hygiene reason in the crop protection segment, can you delve a little bit deeper into that what exactly happened?

Balram S. Yadav: Yes. So, the issue is that sometimes the farmer does not use the sprays because our sprays are also a function of the crop condition. So, when there is no pest, why do you need pesticide? I think that was one of the reasons particularly in chillies that a year before the last star product, which is in-licensing product, the sales absolutely dropped significantly just because there was no requirement of that spray. So from agri point of view, farmer point of view, it was good news because the prices of chilli are low, and this chemical is very expensive. So, it brought down the cost of production. But that does not mean that it does not have opportunity in other crops. So, this chemical can be used across vegetable crops. So, it is just a matter of time that we will be able to liquidate this molecule in Q4 and Q1 of the next year. And just to make sure that the hygiene is there, we didn't want our stocks to be lying in the market unattended and then poor storage conditions. So, we picked up all the material which was there in the market. Just to remind you, this herbicide as you know is very expensive, cost about a crore rupee per KL, I think it has to be handled differently. So, this is the story. The story for Q4 is the season is likely to be good, people have started asking for material for kharif and we have also started dispatching because as you know the retail pipeline takes about 2-3 months to fill. So, I think the action has already started and you'll see more of it in the month of February and March.

Ashwin Shetty: Understood. And sir, secondly, we saw a very super performance in the palm oil division. How sustainable is that? We saw one of the best EBIT margins ever in the segment. So, what'll be on the outlook going forward?

Balram S. Yadav: We have to thank Government of India for that. Whatever we did, we were doing it earlier also, but that 20% duty was not there. So, palm oil prices had started rising internationally also because of the B20 mandate by the Indonesian government, which was supposed to be implemented from 1st of January, and that postponed to 15th of February Indonesia, taking off 40% of their palm oil for biodiesel, it is a very big thing, because Indonesia is the largest producer of palm oil. Apart from that in plantation crops, sometimes trees also produce less, so it was one such year. So, all these were bullish reasons plus this duty also helped. So, that is why we had such a fantastic Q3.

Ashwin Shetty: Okay. Thank you, sir.

Balram S. Yadav: I must also add for the investors that any increase in price, only 20% comes to us, about 80% of the price benefit goes to the farmers in this business.

Ashwin Shetty: Thank you.

Moderator: Thank you. The next question is from the line of Aejas Lakhani from Unifi. Please go ahead.

Aejas Lakhani: My first question is pertaining to dairy.

Balram S. Yadav: Can you please be louder?

Aejas Lakhani: Sir, my first query is regards to dairy. Could you call out why did we have a slightly seasonally sequentially tepid quarter and how do you expect the margin trajectory to play out for fourth quarter and the next year? And also, if you could call out what is the direct procurement there and sales?

Balram S. Yadav: So, I would say in the first nine-months, we have grown the revenue by about 1.7%, which is flat, but there is a significant improvement in EBITDA; EBITDA has grown by about 70%, but as far as Q3 is concerned, the revenues grew by 1% and EBITDA dropped by 5.4% as compared to Q3 FY24. I think one of the chief reasons for drop in EBITDA in Q3 was sudden increase in the milk procurement prices. And the main problem in this industry is that milk procurement prices increase, but the milk companies take their own sweet time, sometimes 4 to 6 weeks to increase the consumer prices. Until that time, we all suffer because of increased raw material prices. So, I think that has happened. However, one price increase has already come on 21st of January and the industry is gearing up for more price increases in case the raw material, which is milk cost increases, so, just to protect the margins. So, that was the first thing. Second thing, I must also tell you that, CDPL is still work-in progress for us, I think our first phase which started about year and a half, two years was that we wanted to correct the cost structure which we have done and the outcome you can see if you plot our gross margins we are in the ballpark, along with our competitors, all of us are in 27% to 30% bracket and we have already reached that. So, the next thing is to get the volumes because now, an incremental increase in profit is much higher because the contributions are very good. So, it is time to push volumes in all segments and that is what the plan is. You will see monthly growth happening in most of our products in this business. And now the season is coming, that is why, since you asked me about Q4, Q4 is traditionally very good for us because when the temperature increases, the consumption of curd, buttermilk, lassi and other value-added products like flavored milk, etc., which are high margin products that sale goes up. So, I believe that Q4 will be much better than Q3 as far as performance is concerned. You asked about direct farmer procurement, which is I think 58% of total milk is now direct farmer procurement and every year we are increasing it considerably. The exit will be close to about 65% and I am very sure that next year it will be close to about 75% to 80% direct farmer procurement. I think I must tell you with scale and direct farmer procurement. We will still be able to shave off almost half percent of cost in the coming quarters. Any more questions which I missed?

Aejas Lakhani: Sir, the VAP contribution.

Balram S. Yadav: VAP in this quarter is 34%, but overall for the first nine-months it is above 35%.

Aejas Lakhani: I just want to understand that the milk procurement price single digit increases marginally just happened in the Q3. But if we look at your numbers for even nine-months, there has been limited growth. So, I wanted to understand that. And also, sir, compared to the other players who are in VAP indexed more towards curd and with you guys being more indexed towards the flavored milk and the bouquet of more products not just curd, but curd plus, plus as compared to somebody else. Your ability to be able to pass on the prices is not indexed to curd, right? You have a larger bouquet. So, is it a fair assessment to understand that your ability to pass on this price is much better or can be better?

Balram S. Yadav: I understood what you're trying to say. So, definitely, our ability to pass on prices is improving and that is also very clear if you take the Nielsen shares in two of our cities where we have significant share which is Hyderabad and Chennai, we are seeing a steady improvement in our market share in these products. So, that is one. The second thing, I must also tell you is that price increase or premium is also related to the marketing initiatives we undertake. And I must say for last almost year, we have not done much, but because we were trying to correct our cost structure which has happened. So, in time to come you will see the price premium start coming as we start advertising, and this is the start of the season and very soon we will be hitting our plan and you will see significant improvement in the summer months in our numbers backed by a very strong advertising. And the plan is also to follow it up with the premium pricing.

Aejas Lakhani: Got it. So, the second one I wanted to understand is that on poultry, what is the specific cut now of live birds, RGC and Yummiez, give or take as a percentage of our sales say for the nine-months because since the buyout that we've made, our entire endeavor was to be more agile and reduce the seasonality that was associated with live birds, so could you just comment about what progress we've made since the buyout then, what is the percentage split across live, RGC?

Balram S. Yadav: I will just give you where the business model is moving and you'll get an idea what our focus is. Nine-months FY24 live birds was 41%, it is now 26%, Yummiez is nine-months last year 15.9%, this year 20%, and RGC nine-months last year 43%, this year 54%. We plan to hold the live birds whatever surpluses we need for processing because we need some play there. And from now on it will be only real good chicken and Yummiez which will drive the growth and profitability of this division and live birds will be close to about 20%, which is the minimum required to be in processing business.

Aejas Lakhani: Okay. So, you will have a component of live birds being about 20% incrementally as we speak, and frozen also adapts as quickly to live birds prices as the live birds category, is that right?

Balram S. Yadav: No, I think both, I would say Yummiez, which is the value-added chicken has no linkage to. live chicken prices. So, that is one good news. The second thing is in RGC also, 60%-70% of our business is contracted on a quarterly basis with big QSRs. So, there also with the volatility we are not going to be affected, and my sense is that both our plants in Hoskote, Bangalore and Taloja, Mumbai, we are operating at 90% capacity utilization. So, this is a year for upselling and expanding the margins of Real Good Chicken. Some of it you will see QoQ this year and we are very hopeful that we will be able to improve the margin by couple of points in FY26 also.

Aejas Lakhani: Got it. And sir, 20% at any point will always be live birds sales. So, that's the most optimal model to reach, right?

Balram S. Yadav: No, I am saying 20%, because look, I will tell you, one of the key requirements of our live birds processing, which we learn from our multinational partner, was the health of the bird. So, the issue is that birds are tested at the farms, whether they are fit to be slaughtered or not. So, I think that is very important and there has to be uniformity also because they are not hand slaughter, these are machine slaughter. We cannot pick up a flock which has some 1.5 kg birds, some 2.5 kg birds, because that will disturb the whole planning at the plant. So, I am saying there are lot of variables which are there. Considering that we are still sophisticating this part of the supply chain, we have taken a conservative view that let us keep 20% more. But as we improve this, as we are able to predict better, we will keep on breaking down this buffer.

Aejas Lakhani: Got it, sir. That's very clear and very perfect. Just I wanted to understand the Astec call out. So, CDMO, sir, your nine-month number is 135 and if I heard your team member saying earlier that the guidance to do a 30% 40% call out which you had said was earlier 40%, not 30%, sir. So, that growth rate if I were to just negate what has been done in first nine-months, it's a very tall ask that, you're saying that you still feel comfortable to meet that number, is that understanding correct?

Balram S. Yadav: I must also tell you that this year was a big disaster for us as far as Astec is concerned. Not that we lost any customers, but customers either picked very less or kept on postponing their procurement from us. So, whatever number we think, and this is the way we will do the budgeting for Astec this time, is that whatever confirmed orders we will have, written confirmation from our partner who are buying. That is the only thing which we will talk about. Today, we see a visibility of anything between 30% to 35% growth over FY25 and FY26 with one or two important customers yet to revert. That is why my colleague said that 40% guidance can be given. I am extremely confident that if you ask this question to us in March, we will be able to confirm that also. But we will not be as optimistic as we were last year, because now we have a fair idea of how this industry works in bad times, when people cancel and postpone the orders at very short notice. And whatever number we will tell the street will be the number which we already have in the bag. That is confirmed orders or backed by POs.

Aejas Lakhani: Got it. That's a nice realization and maturity that the team brings. But sir, what I wanted to understand is the guidance of '25 over '24, you're still confident to meet the 30% number?

Balram S. Yadav: I don't think so. I must also acknowledge that as we speak also some orders are still getting postponed or the confirmation has not come.

Aejas Lakhani: So, it will be a flattish year, is that a fair understanding for CDMO?

Balram S. Yadav: I think so.

Aejas Lakhani: Okay sir. Got it. But lastly, I just want to squeeze in one. If you look at our animal feeds margin and I've been hearing the calls often, so I am aware of the kind of changes you all have done on the R&D side in feeds to make it more richer, the product is more better from an output perspective. But if you exclude the FY21, FY22 years where we benefited at a margin level again because of the lower commodity prices, the steady state number at an EBIT per Kg was in that 1.4 to 1.5. Now you're seeing that all the product level innovation changes, R&D pricing that has been able to do, has structurally altered that 1.4, 1.5 and you feel that that goes to 1.8 now, is that understanding correct?

Balram S. Yadav: I think what I would say is that a lot of effort has already been made and I am very sure what number you're talking will be exceeded. But having said that, I must also tell you that we are extremely dependent on commodity and commodity is also dependent on regulatory. So, I will give you two examples to make you understand better. Now, at one time our big competitor for corn was the starch industry and they were also equally cost-conscious as we were. Today, our big competitor for corn is ethanol. So, suddenly the entire game for corn has changed. The base price of 18,000 two years ago, today the base price is ₹ 24,000 - ₹ 25,000 and last year it went up to ₹ 30,000. This is one example. The second example is which is DORB, one of the biggest consumer of our DORB was Bangladesh. Now, since we banned the exports to Bangladesh, the price which used to rein at ₹ 18,000, ₹ 19,000 a ton is now at ₹ 11,000, ₹ 12,000 a ton. So, lot of these things make lot of difference to how the profitability of this business works. And I would say that I am not expecting any big regulatory changes in time to come, but you should always keep in mind that neither we produce soya milk nor we produce corn ourselves. So, we buy from the market and that will definitely be reflected. Unfortunately, what happens in this industry is that sometimes the time lags are very long, the prices go up immediately.

Aejas Lakhani: Balram sir, we heard you last in the point where you were speaking about that, the prices have become very dynamic, and you were talking about starch.

Balram S. Yadav: So, I am saying that the third thing you must always remember in this industry is that we don't have national competition, we have regional competitions, dozens of players in every state. So, our pricing is also even though we have been trying to get premiums, but we are never able to charge more than 1-1.5% premium over the local player just because there is so much transparency because everybody knows the prices of raw material also. I am saying this business will always be at the levels which you spoke about, we have been steadily increasing the EBIT per ton and hopefully that we are able to continue this. That is what my expectation is.

Aejas Lakhani: Got it. And sir, FFB arrival number if you could just call out.

Balram S. Yadav: So, Q3, we got 1,46,000 tons, nine-months we got 4,79,000 tons.

Aejas Lakhani: Got it, sir Thank you. I have questions. I will fall back.

Moderator: Thank you. A reminder to all participants, you may press * and one to ask a question. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: On plantation of palm oil, how it is increasing for us, because in the last three years we have not seen significant increase for us?

Management: Sumant, can you please be a little bit louder?

Sumant Kumar: I am talking about can you talk about the palm oil plantation for us, how it is growing? And what my observation is the way we are doing plantation or data we got, FFB arrival is still not growing whatever plantation we are doing.

Balram S. Yadav: Yes. So, let me just tell you, I think we are following the pattern what palm is following all over the world. And I said that in one of the answers earlier that even Indonesia, Malaysia are seeing decline in volumes per tree. So, I think that may be a natural phenomenon. My sense is that it will improve again. But having said that, I must tell you that this business, our areas are also adjoining Telangana. Sometimes, there is a price difference, and some leakages of fruit happen.

However, we are trying very hard to keep our farmers to ourselves. You know how Indian agriculture works, sometimes there are leakages, and I won't deny that. The third thing is that how much we have done now that we got allocation in Northeastern states, Odisha and Telangana, there is a significant increase in the area expansion this year. We might end up anything between 13,000 to 14,000 hectare expansion this year as compared to last year it was almost 2.5 times, last year we were around 5,000 hectares. We'll end up between 13,000 and 14,000 this year and we have a lot of seedlings now. Last year we were a little short, but we are not anymore, and I think we can repeat this again and again for the next 4-5 years.

Sumant Kumar: So, talking about crop protection, I have seen a leading player in Agrochemical market who is doing good, but we have a significant fluctuation in our numbers; sometimes we saw a higher double digit, sometimes we saw a higher double digit degrowth. But even this quarter, I have seen a couple of companies are showing good numbers and even in nine-months also they are showing good numbers. So, is there any issue with our portfolio inclined towards?

Balram S. Yadav: So, look, I will tell you that the companies will have to be compared on product portfolio. Our portfolio is such that it was very focused on chillies which did not happen. So, I am saying that we got into a little bit of trouble. But if you see with so much of focus on cotton, we are the leading players in cotton herbicide. So, probably you'll see very good numbers for us when you don't see good numbers for some other company which is having products for another crop. So, I think this will continue and I think you give me a feeling of déjà vu because about one or two quarters ago, I was asked whether we can continue with these high margins. And my answer was the same that it is agriculture, we cannot cover all the crops, nobody has the capability to develop molecules for all the crops. So, we just have to be a little bit lucky that the crop we are operating in is also performing. I am saying that this will always happen. But my suggestion is that don't look at looking at us on QoQ, we will still give a stunning performance as far as the whole year is concerned and that I can assure you.

Sumant Kumar: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Abhijit from Kotak Securities. Please go ahead.

Abhijit: Yes, thank you for the follow-up. Just to delve a little bit further on Astec, so at the beginning of the call, if I heard you correctly, I think Arijit mentioned 30% to 40% growth for FY25 from the CDMO business, but later on I think it was mentioned that we might only be flattish. So, if you could please just clarify exactly what the expectation is or how much order we actually have in hand for this year?

Balram S. Yadav: So, let me just clarify because I think since there's some sound issue, so actually the CAGR from FY22 to FY25 in CDMO on a small base was 42%. Okay?

Abhijit: FY22 to FY25?

Balram S. Yadav: Yes. But this year CDMO there will be no growth, it will be flat and next year we are expecting, if you ask me today 30% (+/-2%) to (+/-3%) will definitely happen, but if you ask me two months later, I can tell you a more accurate number because now we are talking not about expectations, but the order we will get, we will talk about that only.

Abhijit: Okay. So, just to confirm, for FY25, we expect it to remain around 270 crores, which is what it was last year?

Balram S. Yadav: Yes. Okay.

Abhijit: Okay. And on the enterprise business, any improvement in prices, etc., that we are seeing in any of our key molecules or in demand environment?

Arijit Mukherjee: So, from Q3 onwards, there is an increase in prices, though not very significant, but at least if you say the prices have increased to a level of positive contribution for most of the enterprise businesses. But the best part is slowly, the volumes are coming back. So, what we see that Q4 onwards we should see a very significant recovery in terms of volume. That is what we are first primarily looking into. Price, it will be very difficult to say right now because there will be too much of competition, what is the seasonality, but for us this is important that the volumes are coming back. And I think the problem of inventory is over from Europe and US, and if the domestic season of China and India picks up, I think the pricing will also see an improvement.

Abhijit: So, for the enterprise business, any sort of outlook you would like to provide in terms of volume growth?

Balram S. Yadav: I think we are bit cautious on the enterprise business. So, we are expecting anything between 14% to 16% growth next year. We will be very happy with that, but we want an accretive growth as far as margins are concerned. Last year FY25, we were stuck with high-cost inventory. So, significant part of the year, we had to sell at negative contribution, I think we don't want to repeat that. So, we'll be extremely cautious in our inventory management, watch the prices and do the business on positive contribution only.

Abhijit: Okay. Understood. Thank you so much, sir. I wish you all the best.

Balram S. Yadav: Thank you.

Moderator: Thank you. The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: So, if you think about the volume, you can see on the animal feed, it's still grew by just 1.8%, though it is much better compared to what we have done in the first half. So, how is the current trend in the volume across the three segments, do you think that cattle feed is concerned earlier where the farmer was not investing because of lower milk price and everything and there was also challenging in the potential there, how is the current scenario? I think that volume growth on YoY basis looks healthy for the Q4 and the FY26.

Balram S. Yadav: So, Q4 will be even better than Q3 both in terms of profitability and in terms of volume growth. My sense is that milk prices are likely to remain high in the coming quarters and layer was one area where the placements were less and that is why because if there is no bird, where will we sell the feed, that was one of the issues, but layer feed, fish feed, both these feeds are likely to see a big jump in volumes next year, because there is a lot of placement which has happened in last quarter and this quarter the placement is still happening. So, I am confident that we will improve in Q4 and further improve in FY26.

Jignesh Kamani: Understood it. Second is on the dairy business, how is the trend in the milk procurement price for both us and the industry, because we can say healthy plus, price was under pressure?

Balram S. Yadav: Yes. So, in the first week of December, the rate went up by about ₹ 1.20-₹ 1.30 per Kg and unfortunately the price increase in part of South India only came on 21st of January. So, we had to suffer that cost increase for almost a month. Today, it is holding steady at pre say January 21st prices, the milk cost for us, and we are also watching along with other industry players in case the cost goes up further, we will be taking the price up further. But as far as I am concerned, I don't think that we are going to see a very big spike in cost in next 2-3 weeks, because normally it is the March when prices keep on going up.

Jignesh Kamani: So, what were the price increase happened in the milk procurement as in past one in the industry with?

Balram S. Yadav: At consumer level, it has happened, at the farmer level price increased about a month and a half ago, but our prices went up only on January 21st.

Jignesh Kamani: Sure. Understood. Okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Aman Vora from Premier Capital. Please go ahead.

Aman Vora: Hi, thanks for the opportunity. My first question is on Astec. Just like two, three months back in the second quarter call, we've given guidance of about 400 crores of CDMO revenue for FY25. While just in the matter of the last 2-3 months, what has happened is that we are cutting our FY25 revenue guidance by 30%?

Management: Maybe there are three particular CDMOs which goes to almost US, Europe and Japan and because of the larger inventory it has a combination of both fungicide and herbicide, because of the larger market inventory, they are cutting down on their projections. So, that is the main reason for this Q4, because initially it got delayed because this production usually starts from Q2, but it delayed to Q3, then again there is a delay. It is working because the order inventories are there in the market.

Aman Vora: Right. And on the enterprise side, like you mentioned that we are seeing positive contribution margins. So, is it across the portfolio or there are still some molecules where we are seeing negative contribution margins?

Arijit Mukherjee: For our major two molecules it is positive, the remaining one we will see because the season has not come, but the other two major molecules which go for domestic and export, we are seeing almost positive growth in both domestic as well as export market. Both of these is about 10%.

Aman Vora: Okay. Got it. And just on the balance sheet side, post last almost 10 quarters of losses, we're sitting on huge debt and our networth has taken a quite cut at Astec. So, what is the larger view of the Godrej Agrovet group and management on funding the Astec business?

Balram S. Yadav: So, we have been watching the situation very closely. The early signs for next year is that there won't be any cash losses. So, we discuss this almost every month and we will see how to fund this company if required. But we are still holding back, any decision on that just to see the performance of the business for another quarter or so.

Aman Vora: Right. Got it. And just for Agrovet business, sir, I've discussed with you multiple times in the last couple of years. If I see Agrovet as a consolidated entity, individually all businesses have a lot of growth opportunities within them for, say, a decade. But the issue is that every quarter, one or the other business acts as a negative hedge. One would do exceptionally well while there would be something else which doesn't do well. As a consolidated entity, we do not see encouraging top line growth over say two years, three years CAGR. So, my question to you is when you position this entity maybe in the structure or maybe a different structure where it can be more value-accretive for us investors because as minority investors, we've seen limited creation of wealth in Agrovet since its listing about seven, eight years back.

Balram S. Yadav: Spot on. I think we also understand that because Agrovet is not getting quoted at the current full potential also just because of this reason and difficulty to understand and one business is not doing well in one year and the other not doing well in the other year. I think we are cognizant of that fact, we are thinking about how to simplify the structure so that you all get more visibility. So, I think this is also something which we are working on. Probably in time to come you'll hear more about this.

Aman Vora: Right. Thank you so much for that. This is one request that I made time and again and would request the management to kindly consider. And last one for me is the exchange filing on the ₹ 1,000 crores raise that you were doing at Agrovet in the form of debt. Any update on that or anything that you want to enlighten us with?

Balram S. Yadav: We are looking at internal accruals, etc., because we want to drive down our working capital significantly in this quarter. I think we have plans to do that. So, we just postpone that because we may not need 1,000 crores, we may need ₹ 600 - 500 crores. Anyway, it was just an enabling resolution.

Aman Vora: Got it, sir. Thank you so much and best wishes. Thank you.

Balram S. Yadav: Thank you.

Moderator: Thank you. The next question is from the line of Rikin Shah from The Boring AMC. Please go ahead.

Rikin Shah: Hi. My question is pertaining to the CDMO partner Astec. What's the kind of pipeline of CDMO that exist right now and what kind of molecules do we expect to add in the next few quarters?

Arijit Mukherjee: In pipeline, we have around 12 projects in different stages of R&D. It is mostly into the innovators who are working with and I will say that commercialization date is very difficult to say because there is a requirement in terms of R&D followed by say other compliance issues of registration, data generation. But I think next three to four quarters you will see one-by-one some projects are coming on line because commercialization is not a problem because we have sufficient assets with us where the commercialization will happen. Now, it is a matter of R&D, then slowly, the registration is coming on line. But, all the projects have a definite timeline in terms of commercialization.

Rikin Shah: Sir, the reason I ask this is because having been to your R&D setup I can definitely say it is one of the state-of-the-art facilities and in no means it's definitely something your customers have appreciated as well. So, I am just trying to gauge why in the down cycle as well, perhaps we're struggling to pull more business there when our competitors are also calling business, maybe not at the same pace, but they definitely are ahead.

Balram S. Yadav: Yes. So, as far as we are concerned, I can talk about ourselves. I must say that considering the global situation, I think the response from lot of these innovators was also subdued. And you must have heard that some of the big companies had also banned travel, etc., So, I am saying a lot of other things also resulted in these delays. But having said that, I must say that now we have upped the efforts to probably connect with more customers, particularly in Europe, we are working with some consultants who have been in this business for a long time for opening doors for us and get us new business and you have to see any results because it has been fairly recent, but I am very sure that if the markets improve, we will definitely be with our kind of manpower assets as well as physical assets, we will be in consideration I am sure for CDMO project for these big companies.

Rikin Shah: Right. Sir, but in terms of the talent pool perhaps that has exited and maybe perhaps we've not replenished that, don't you think that could be an impediment to opening door?

Balram S. Yadav: Talent pool has been replenished. So, there's no problem. I think there's a lot of things in pipeline also. So, I think we are preparing for a higher workload for projects next year, and I am very sure that, that will not be a limitation for us.

Rikin Shah: Alright. And sir, in terms of the enterprise business, now that, there are two important contributors largely the pricing is in a range. So, in terms of being able to read it them via earlier plant modifications, so Has there anything progressed on that?

Balram S. Yadav: For enterprise, have we made any plant modifications, etc.,?

Arijit Mukherjee: No.

Balram S. Yadav: Not needed.

Arijit Mukherjee: Not needed.

Rikin Shah: Alright, sir. That's all from my side.

Moderator: Thank you. The last question is from the line of Aejas Lakhani from Unifi. Please go ahead.

Aejas Lakhani: Hello. Sir, thanks again for the opportunity. Just two more follow-ups. One is, sir, do you have any visibility of when the GCPL pet food products business is likely to commence and what progress if we've made anything in that front?

Balram S. Yadav: I can tell you about the second question. So, I think the pilot plant, etc., whatever our responsibility was of the pilot plant, I think it will be ready in a few weeks' time where most of the experiments can be done and lot of production for marketing trials can be taken. The full-fledged 35,000 to 40,000 ton per annum plant will only come towards the end of FY26.

Aejas Lakhani: Okay, okay. So, basically, sir, we had been asked by them to make a pilot plant and so that they can start their R&D experiments, and we have done our bit and handed over to them, so then the next one year will go into a testing phase?

Balram S. Yadav: No, no, no, I don't know about that. I think whatever their schedule I cannot talk about. I think GCPL is the best and is in the best position to talk about it. But the point is that my short answer is that we are ready with the initial infrastructure, and we will be ready with the final infrastructure in a year's time.

Aejas Lakhani: Okay, okay, you'll be ready with the final infrastructure in one year from now. Okay. And sir, just wanted to understand that what is our CAPEX expectation for entire FY26 and what is the CAPEX outlay that we have done for nine-months and what is the pending amount in the last quarter?

Balram S. Yadav: ₹ 161 crores of CAPEX has been done by GAVL consolidated in the first nine-months. We'll end up at about ₹ 220 crores or so and we have a similar CAPEX plan for next year.

Aejas Lakhani: I am done, sir. Thank you for your time.

Balram S. Yadav: Thank you.

Moderator: Thank you. As that was the last question for the day, I now hand the conference over to Mr. Nadir Godrej for closing comments. Over to you, sir.

Nadir B. Godrej: Thank you. I hope we've been able to answer all your questions. If you have any further questions or would like to know more about the company, we would be happy to be of assistance. Stay safe and stay healthy. Thank you once again for taking the time to join us on this call.

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